As of 4 p.m. ET **DJIA** 10012.23 ▲ 0.10% **FTSE 100** 5060.92 ▼ 1.53% **Nikkei 225** 10057.09 ▼ 2.89% **Shanghai Comp.** 2939.40 ▼ 1.87% **Hang Seng** 19665.08 ▼ 3.33% **Sensex** 15790.93 ▼ 2.68% **S&P/ASX 200** 4514.06 ▼ 2.33%

Why Asia can sit out the global debate on banking regulation
THE VIEW FROM HONG KONG 19

How Obama can save America's triple-A rating
EDITORIAL & OPINION 13

Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Incl PPN), Japan: Yen500(Incl JCT), Korea: Won2,500, Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Sirs180(Incl VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50
KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK MENPEN R.I. NO: 01/SK/MENPEN/SCIJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 113 (India facsimile Vol. 1 No. 174) ASIA Monday, February 8, 2010

DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

U.S. East Coast digs out from weekend blizzard

Associated Press

Icy trees line Pennsylvania Avenue with plowed snow banked at its sides near the U.S. Capitol in Washington on Sunday. A weekend storm dumped more than 60 centimeters of snow over the Mid-Atlantic, where tens of thousands of homes were without electricity.

Toyota plans to take action on Prius cars

By Yoshio Takahashi And Hiroyuki Kachi

TOKYO—**Toyota Motor** Corp. will likely start a new effort this week in Japan to fix braking problems on the newest models of its Prius cars, either through a formal recall or a voluntary repair program for owners, a person familiar with the matter said Sunday.

Toyota also intends to take similar steps in the U.S. and elsewhere involving the popular gas-electric hybrid cars, the person said.

The move goes a step further than the company was willing to announce Friday, when Chief Executive Akio Toyoda said the company was looking into complaints about the Prius but hadn't yet decided what to do.

A Toyota spokesman in Japan said Sunday only that the company was continuing to study the problem, declining to comment on any possible responses.

The Prius fix is unrelated to the sudden-acceleration problems that have badly tarnished the company's image over the past few weeks, prompting a global recall of 8.1 million vehicles, at a potential cost of up to $2 billion, due to gas pedal and floor mat problems.

By comparison, the Prius fix affects a relatively small number of vehicles—the company has sold 311,000 units of the affected third-generation versions of the hybrid—and hasn't had the kind of serious safety complaints that have hit other models. The problem, and the fix, affect only the latest model-year Priuses and don't seem to have emerged on earlier versions of the car, though the company has said it is still checking other models.

But doubts over the safety of the world's most popular hybrid could further damage Toyota's sales and brand image. The Prius has been cen-

Please turn to page 24

Toyota recall

■ Botched response has roots in Japan's legal system 16
■ Flaw was fixed more quickly in Europe 24
■ Car maker builds crisis team in Washington 25

Singapore issues casino license

By Jonathan Cheng

Singapore's first casino won regulatory approval to open, paving the way for the debut of gambling in the squeaky clean city-state as early as next week's Lunar New Year holiday.

The opening of the casino by Malaysian gambling concern **Genting Singapore** PLC—ahead of **Las Vegas Sands** Corp.'s much-delayed showpiece project in Singapore's downtown—would bring a formal end to the Singapore government's decades-long opposition to gambling.

It also establishes an important new front for the growth of the booming casino industry in Asia, roping in new gamblers even as it seeks to take business away from Macau and smaller gambling operations in Malaysia, Cambodia, the Philippines and elsewhere.

Reuters

The Resorts World casino in Singapore, shown last month.

It comes as the city-state seeks to find a competitive edge amid a nascent boom in outbound tourism and business travel from China, India and the rest of the region.

But bringing casinos to Singapore also raises a number of sticky questions for the cautious government, which is barring under-21s from entering a casino, proscribing automatic-teller machines from the casino floor and blacklisting anyone deemed to have gambling problems. Authorities are also trying to dissuade Singaporeans and permanent residents from gambling by forcing them to pay a US$70 entry fee to casinos—a levy from which tourists are exempt.

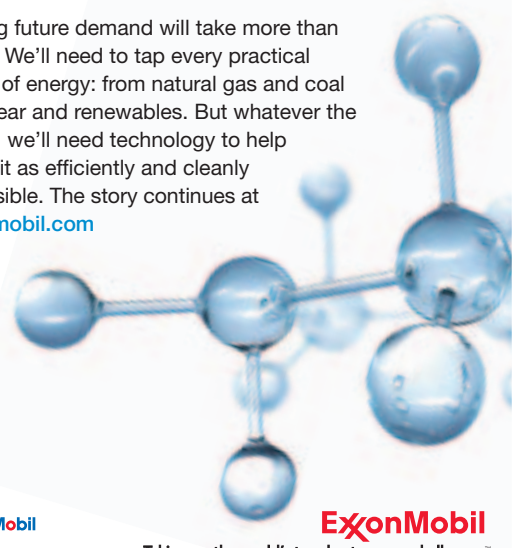
Singapore's Casino Regulatory Authority posted a notice announcing the approval of the license Saturday. While the approval was expected, its timing was unclear. Lim Kok Thay, chairman of Genting Singapore's Resorts World Sentosa said in a statement that he was "happy to have received the casino license."

While largely a formality, Singapore regulators said they wouldn't grant a gambling license to either of the city's two resort operators until a certain proportion of the

Please turn to page 18

Oil, gas, coal, biofuels, nuclear, wind, solar... to fuel the future we need them all.

Meeting future demand will take more than just oil. We'll need to tap every practical source of energy: from natural gas and coal to nuclear and renewables. But whatever the source, we'll need technology to help us use it as efficiently and cleanly as possible. The story continues at exxonmobil.com



Esso Mobil Brands of ExxonMobil

ExxonMobil Taking on the world's toughest energy challenges.™

PAGE TWO

What's News—

Business & Finance

■ **Japan Airlines is leaning** toward maintaining its longstanding alliance with American Airlines instead of teaming up with Delta Air Lines, in part because of growing concerns that a JAL-Delta partnership would trigger antitrust concerns in the U.S. **19**

■ **G-7 financial leaders tried** to tamp down anxiety about the global economic recovery, with officials promising continued stimulus efforts and European leaders pledging to address public debt problems. **3**

■ **The Australian government** is withdrawing funding guarantees for banks because regulators say they aren't needed any longer. **26**

■ **Goldman Sachs's CEO will get** a $9 million bonus, a fraction of the $68.5 million he got in 2007, as the bank responds to public pressure over pay. **29**

■ **Some stock-market investors** see a real economic risk from Greece's debt crisis, but others see a tempest in a teapot. **19**

■ **The U.S. unemployment rate** unexpectedly declined to 9.7% in January, but the economy shed 20,000 jobs, casting doubt over the labor market's strength. **8**

■ **Those hoping for a deal** that will jump-start the U.S. IPO market will have to search hard this week. **27**

■ **The selloff in gold** has brought prices back to levels that could spur demand from buyers in India and China. **29**

■ **Cnooc agreed to buy a stake** in the Ugandan oil assets of Tullow Oil for $2.5 billion, people with knowledge of the deal said. The agreement strengthens the foothold of Chinese companies in East Africa's energy sector. **21**

■ **Panasonic said** the acquisition of a majority stake in Sanyo Electric will weigh on its full-year results and change its investment priorities from flat-panel TVs to energy-related products. **20**

■ **U.S. regulators accused** India's Ranbaxy Laboratories of making insufficient efforts to meet manufacturing standards. **20**

■ **Defense contractor BAE** reached settlements totaling almost $500 million with the U.S. and U.K. to resolve longstanding corruption allegations. **23**

■ **Daimler unveiled** a shake-up at its Mercedes-Benz division, appointing Wolfgang Bernhard, head of its van operations, to succeed Rainer Schmückle as its chief operating officer. **22**

Agence France-Presse/Getty Images

Opposition leader Viktor Yanukovych appeared headed for victory Sunday in Ukraine's presidential election, according to exit polls, but opponent Yulia Tymoshenko said she would contest the results. The dispute raised the prospect of massive protests, as it did in 2004 when demonstrations over alleged fraud overturned Mr. Yanukovych's tainted victory at the polls. Above, Ukrainian army soldiers wait in line to cast their ballots on Desna military base. WSJ.com

World-Wide

■ **Ahmadinejad ordered** Iran's nuclear agency to begin enriching uranium for use in a medical-research reactor, ratcheting up defiance over Western demands that Iran curb its nuclear ambitions. **5**

■ **President Karzai is proposing** a draft to beef up the ranks of Afghanistan's army and police so his country can assume control of the fight against the Taliban within five years. **6**

■ **India said** it again successfully test-fired a nuclear-capable missile that can hit targets across much of Asia and the Mideast.

■ **North Korea released** an American missionary who it arrested after he entered the country on Christmas Day, aiming to publicize human-rights abuses there.

■ **Tea Party activists gathered** in Tennessee over the weekend, with members grappling with the direction of the movement. **11**

■ **A blizzard battered** the U.S. Mid-Atlantic region, leaving thousands without electricity.

■ **Some Haitian families say** they willingly handed over children to American missionaries and want them to continue with plans to have the children live in a Dominican Republic orphanage. **10**

ONLINE TODAY

Most read in Asia

1. A Crisis Made in Japan
2. Opinion Asia: Hong Kong and the Falun Gong Drama
3. China's Export Focus Breeds Backlash
4. G-7 Officials Promise Continued Stimulus
5. The Foot Behind Jimmy Choo

Most emailed in Asia

1. A Crisis Made in Japan
2. The Foot Behind Jimmy Choo
3. Protecting Yourself From the Deficit
4. Resourcehouse Signs US$60 Billion China Deal
5. The London Real Estate Bubble Is Back—and It's Scary

Health Blog

blogs.wsj.com/health

The owner of the Heart Attack Grill is suing the owner of Heart Stoppers Sports Grill.

Continuing coverage

Follow the Super Bowl action at **wsj.com/sports**

Digits

blogs.wsj.com/digits

Facebook began rolling out a new design, with tweaks to encourage people to use the social network in new ways.

Inside

World News: China's focus on exports breeds backlash. **4**

Management: Which leadership styles work best? **12**

Business & Finance: Chinese-Australian coal ties grow. **22**

Heard on the Street: Jakarta's neighbor-beating trend ends. **36**

THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

WORLD NEWS

Debt worries top the agenda at G-7

Finance leaders promise to continue economic stimulus efforts until global recovery has taken a firm hold

By Nirmala Menon and Nathalie Boschat

IQALUIT, Nunavut—Group of Seven financial leaders tried to tamp down anxiety about the global economic recovery, with officials promising to continue stimulus efforts and European leaders pledging to address public debt problems.

The debt crisis in Europe, triggered by problems in Greece and other euro-zone countries, focused attention Saturday on the G-7 meeting, prompting European leaders to say they are monitoring and addressing the debt situation.

"We expect and are confident that the Greek government will make all the necessary decisions," said Jean-Claude Trichet, the European Central Bank president. Mr. Trichet added that European members of the G-7 will "continue to monitor closely the implementation of these stability measures."

G-7 financial leaders also said they will continue providing support to their economies until the financial recovery has taken firm hold.

"We are committed to maintaining support to the economy," U.K. Chancellor of the Exchequer Alistair Darling said. "We are confident that we are going in the right direction, although we remain cautious."

The G-7, which represents the major European and North American economies and Japan, said the global economy has improved but the financial recovery remains tentative.

U.S. Treasury Secretary Timothy Geithner said European financial leaders were clear with the G-7 that they would manage the Greece situation with great care. He struck an optimistic tone about the economic recovery, despite mixed signals about the U.S. recovery. "The recovery came more quickly and stronger than expected," he said.

The G-7 also discussed financial sector regulation and how to have the banking sector help pay costs stemming from the financial crisis, but disagreement remained on exactly how, officials said. Mr. Geithner, who came peddling a U.S. proposal to assess fees against financial firms, said G-7 leaders are committed to overhauling financial regulation "in ways that don't undermine prospects for recovery."

Jean-Claude Juncker, chairman of the group of euro-zone finance ministers, said the G-7 agreed to leave unchanged their assessment of world currency markets. He added that the G-7's statement on currencies in its Oct. 3 communique released in Istanbul—a document that directly addresses China's manipulation of its currency—remains valid.

French Finance Minister Christine Lagarde said the strengthening U.S. dollar against the euro could be a positive development for the European economy.

"We always complained about the dollar not being strong enough," Ms. Lagarde said. "That is clearly an improvement."

The G-7 has recently become overshadowed by the larger Group of 20, which includes large emerging economies such as China, India and Brazil.

G-7 financial leaders said they will continue meeting despite being supplanted by the G-20, but will do so in a more informal fashion that won't regularly include the release of cooperative statements.

James Flaherty, Canada's finance minister, said G-7 nations remain powerful players in the world economy that can act as "first responders" during a financial crisis.

But leaders were careful to underscore the continued importance of the entity even as questions of its relevance swirl.

The G-7 meeting in Canada's northern territory 1,300 miles north of Ottawa was decidedly different. Police presence was low-key. Security personnel at the Frobisher Hotel, where some of the delegations were staying, stood guard alongside native Inuit who were selling seal brooches and stone carvings to hotel visitors.

Around town, locals put on igloo demonstrations while children played in the snow near G-7 meeting facilities, some of them jumping off 20-foot cliffs into snow drifts. Japanese

Finance Minister Naoto Kan delayed his closing news conference Saturday so he and his aides could go dog sledding on frozen Frobisher Bay.

And unlike other meetings of world leaders, protestors did not make their way to Iqaluit, which is located on isolated Baffin Island and can be reached only by air in the winter.

—Meena Thiruvengadam, Andrea Thomas and Mark H. Anderson contributed to this article.

Associated Press

Japan Finance Minister Naoto Kan on a break at the G-7 meeting in Canada.

With unequalled capabilities and infrastructure, Malaysia is at the forefront of the international Islamic finance renaissance, providing the perfect climate for organisations, including foreign financial institutions to practice Islamic finance.
Daud Vicary Abdullah
Global Islamic Finance Group Leader
Deloitte
Malaysia's move to liberalise its Islamic financial sector creates a unique opportunity for foreign financial institutions to be part of the world's most active, liberal and innovative Islamic financial market.
Johan Raslan
Executive Chairman
PricewaterhouseCoopers Malaysia

shaping islamic finance together MALAYSIA

Who is attracting top international financial institutions to its shores?

Malaysia, the world's most vibrant international Islamic financial hub. With an established infrastructure and regulatory framework, regional and international linkages, proven track record of product innovations and ready talent pool, it is the choice destination for international institutions looking at developing their Islamic finance business. Come and be apart of the most dynamic Islamic financial system.

Shape the future of Islamic finance through innovation and thought leadership, together with us.

Malaysia, the world's most comprehensive Islamic financial system with over 30 years of experience.
Log on to www.mifc.com or call +603 2692 3481

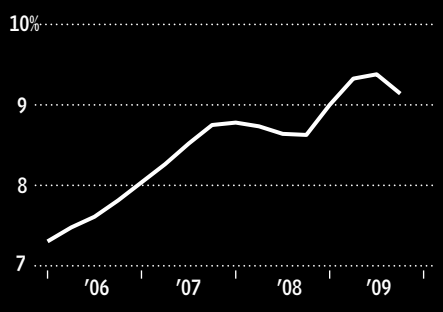
Sukuk Origination | Islamic Fund and Wealth Management | International Islamic Banking | International Takaful | Human Capital Development

MIFC MALAYSIA INTERNATIONAL ISLAMIC FINANCIAL CENTRE

A leg up

China has increased its share of global exports

Exports as a share of world total, annual average

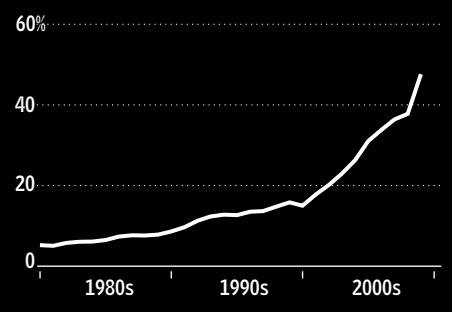


In part by depreciating its currency...

Effective exchange rate, nominal (2005 level = 100)

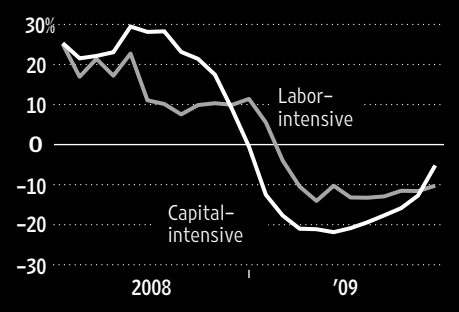
And adding capacity in heavy industries...

Share of world crude steel output



While its low-end products held up better.

Change from a year earlier in the 3-month moving average



Sources: WTO, China Customs (exports); Bank for International Settlements (exchange rate); World Steel Association (steel); Royal Bank of Scotland (low-end products)

A woman sells chickens in Hubei province, Wednesday

Reuters

China's exports breed a backlash

Developing nations join West in criticizing Beijing's support for its factories despite fears of global imbalance

By Andrew Batson

BEIJING—China's efforts to extend its dominance as the world's top exporter are facing stiff challenges, as the policies it has used to support exports bring new economic problems and escalate tensions with a growing list of trade partners.

Key elements of the strategy—including a cheap currency, regulated interest rates and low energy prices—are stoking discontent in fellow developing countries, not just Western capitals. That could crimp its drive to seek gains from emerging markets as growth in the rich world falters. At the same time, many economists argue, China's export-friendly policies are fueling inflationary pressures at home, placing a burden on the rest of the economy.

Beijing is increasingly pushing back against what it calls unfair protectionism. Chinese authorities Friday set duties on some U.S. chicken products to counter alleged dumping. And on Thursday, Beijing filed a complaint to the World Trade Organization against European Union tariffs on imports of Chinese shoes.

China's current-account surplus narrowed sharply in 2009, the government said Friday, a reflection of the impact of the global financial crisis on the nation's trade balance.

But that may have just increased the pressure on Beijing to support its exporters.

China now accounts for more than 9% of global exports, a share that, after stagnating for most of 2007 and 2008, has been rising since the outbreak of the financial crisis and the ensuing collapse in global trade.

China has surpassed the U.S. as the world's largest car market and is close to passing Japan as the world's second-largest national economy after the U.S.—milestones that create a sense of its dominance at a time when other nations continue to struggle with the aftermath of the crisis.

"China and some of the other emerging economies are emerging intact out of this recession, and probably even stronger than before," said Maarten Kelder, Asia president of consultants Monitor Group. "They have been able to adjust their cost structures and that has made them more competitive."

That may not be enough to keep China's exports growing at the 20%-plus rates of recent years, even when the world economy recovers.

While China has long faced pressure on trade from the U.S. and the EU, officials from developing countries such as Indonesia, Brazil, Thailand and Russia have also expressed concern in recent months.

India filed more trade complaints against China than any other nation last year, according to figures from China's commerce ministry. "A balance of exports and imports is important," Indian Trade Minister Anand Sharma said in January in Beijing. China's trade surplus with India grew 46% last year to $16 billion, probably aggravated by the weakening of the yuan against the Indian rupee.

Rebalanced?

China's current-account surplus as a share of GDP

Source: State Administration of Foreign Exchange

"The dollar peg of the [yuan] has put additional strain on lower-end Asian exporters. This has led to charges of unfair trade from across Asia," said Jamie Metzl, executive vice president of the Asia Society.

Even nations in Africa and the Middle East that have benefited from China's oil demand and foreign aid are now voicing discomfort with its economic rise. "When we look at the reality on the ground we find that there is something akin to a Chinese invasion of the African continent," Libyan Foreign Minister Musa Kusa said in November.

China's government says it isn't banking on an export-driven future and has tried, though so far without much success, to shift the emphasis of the economy to domestic consumption and services.

The collapse in world trade that began in late 2008 was far from painless for China: It put millions of people out of work and closed thousands of factories. Chinese exporters responded to the downturn by redesigning products and looking for new markets.

They also benefited as the recession encouraged consumers to switch to the kind of lower-price products China provides. Shipments of traditional products such as toys and clothing held up far better than its other exports last year.

Gu Wu, who runs a company exporting radio-controlled toy cars from Shenzhen, says export orders have started to pick up since September. During the depths of the downturn, he asked his U.S. salespeople to fan out and find new clients, and is now reaping some of the benefits. "Many of them have come back with big orders, although cheaper goods are still the most wanted," Mr. Gu said.

China's government worked to reinforce exporters' efforts. After allowing the yuan to rise for much of 2007 and 2008, authorities repegged it to the dollar in mid-2008.

Exports got a further boost once the dollar started to fall in March. The effective exchange rate of the yuan—its value against the currencies of all trading partners—is down by 9% to 10% since then, according to the Bank for International Settlements.

The result: China accounted for 19% of U.S. imports in the first half of 2009, up from 16% in 2008, according to U.S. Census Bureau figures.

China's global market-share gains enabled it to do less badly than other trading powers in the downturn. It exported $1.202 trillion of goods in 2009, 16% less than in 2008 but still more than any other nation. Export growth is expected to resume this year.

The export resurgence has reached into new markets: A majority of China's exports now go to other developing countries, with exports to India, Brazil, Indonesia and Mexico growing by 30% to 50% in recent months, according to China International Capital Corp.

"There's a potential spoiler for China in relations with the developing world. They've only been exporting and not importing," said Ben Simpfendorfer, an economist for Royal Bank of Scotland. "It's one thing to produce job losses in the U.S., but it's another to produce job losses in Pakistan," with which China has close military ties, he said.

If China is able to overcome the obstacles, it could continue to expand its share of global exports for several more years. According to International Monetary Fund projections, if current trends continue, China's share of world exports could reach 12% by 2014, a higher portion than Japan managed at the peak of its dominance in the 1980s.

—Ellen Zhu and J.R. Wu contributed to this article.

Iran changes course

President orders nuclear agency to enrich uranium for reactor

Iranian President Mahmoud Ahmadinejad ordered his country's nuclear agency to begin enriching uranium for use in a medical-research reactor, ratcheting up Tehran's defiance over Western demands that it curb its nuclear ambitions.

*By **Chip Cummins** in Dubai and **Peter Spiegel** in Rome*

The statement was carried Sunday on state TV as the country celebrates the 31st anniversary of the Iranian revolution. It came amid a flurry of announcements in which Mr. Ahmadinejad has attempted to project an image of strength, even as the regime faces the threat of domestic unrest later this week.

It also seemed to contradict Mr. Ahmadinejad's statements last week that Iran was willing to embrace a deal brokered last year by the International Atomic Energy Agency for Iran to ship the bulk of its lower enriched uranium overseas to be further enriched to the 20% purity level needed for its medical reactor.

Speaking at a laser-technology exhibition on Sunday in Tehran, Mr. Ahmadinejad called on Ali Akbar Salehi, head of Iran's atomic agency, who was sitting in the audience, to begin enriching uranium to 20% purity. Mr. Ahmadinejad said Iran "was still open to negotiations on the issue" with the international community, according to state media.

U.S. Defense Secretary Robert Gates said Sunday he believed there was still time for sanctions to work to halt Iran's nuclear program. Asked at a news conference in Rome whether he believed the president's order to produce higher-grade uranium made military action more likely, Mr. Gates said that as long as the international community is able to present a united front, sanctions can still be effective.

"If the international community will stand together and bring pressure to bear on the Iranian government, I believe there is still time for sanctions and pressure to work," Mr. Gates said following meetings with his Italian counterpart. "But we must all work together."

Despite that apparent shift by the Iranian government, Mr. Gates has said he didn't believe the two sides were near a deal, a stance he reiterated on Sunday.

"The international community has offered the Iranian government multiple opportunities to provide reassurance on its intentions," Mr. Gates said. "The results have been very disappointing."

U.S. efforts to rally members of the United Nations Security Council to support new sanctions have run into obstacles in Beijing, where the Chinese government has shown resistance to the plan. Mr. Gates's call for international unity in the face of Mr. Ahmadinejad's decision appeared aimed at Beijing.

"Rather than single any country out, I would simply say I think all of us can do more," he said.

Iran has been convulsed by a series of large-scale, often violent demonstrations following contested June 12 elections. Opposition leaders have called on demonstrators to pour into the streets of Tehran and other cities on Feb. 11, the culmination of celebrations marking the anniversary of the founding of the Islamic Republic. Iranian leaders have heightened threats of a harsh crackdown on protests, including hanging two political prisoners last month and threatening to execute demonstrators who have been detained in earlier antigovernment protests.

At the same time, Iran has appeared eager to flex its muscles on the world stage despite recent threats by the U.S. of sanctions. Last week, Tehran unveiled a series of what it described as breakthroughs in its domestic space program. That worried Western officials, who say satellite technology can be used to develop missile-delivery systems.

"They are sending a clear message that the regime is strong," said Mustafa Alani, director of security and terrorism studies at the Dubai-based Gulf Research Center.

The Obama administration has warned it will push for tough new economic sanctions if Tehran doesn't make progress in nuclear talks.

Agence France-Presse/Getty Images

Iranian President Mahmoud Ahmadinejad tours an exhibition on laser technology in Tehran on Sunday, where he issued his order.

Never let risk
restrain your potential.
GERRARD KATZ
Head of FX Trading, North East Asia,
Standard Chartered Bank
Where others see peril, Standard Chartered's Gerrard Katz sees potential. Using the risk management products of CME Group – the world's largest and most liquid regulated market for foreign exchange – Standard Chartered offers clients fast, credit-efficient access to derivatives on emerging market currencies like the Chinese renminbi and Korean won, as well as major currencies including the euro, yen and pound. With unparalleled liquidity, transparency and speed, and the security of central counterparty clearing, CME Group guarantees the soundness of every trade. That's why CME Group is where the world comes to manage risk. Learn more at cmegroup.com/fx.
CME Group
A CME/Chicago Board of Trade/NYMEX Company
CME Group is a trademark of CME Group Inc. The Globe logo, CME, Chicago Mercantile Exchange, E-mini and Globex are trademarks of Chicago Mercantile Exchange Inc. CBOT and Chicago Board of Trade are trademarks of the Board of Trade of the City of Chicago. NYMEX, New York Mercantile Exchange and ClearPort are trademarks of New York Mercantile Exchange Inc. COMEX is a trademark of Commodity Exchange Inc. All other trademarks are the property of their respective owners. Copyright © 2010 CME Group. All rights reserved.

Karzai proposes a military draft

West is unhappy with quality, size of forces

By Alan Cullison
And Matthew Rosenberg

KABUL—President Hamid Karzai is proposing a draft to beef up the ranks of Afghanistan's army and police so his country can assume control of the fight against the Taliban within five years.

The plan comes amid Western dissatisfaction with both the quality and size of Afghanistan's forces, and many U.S. and European officials think it could take as a long as decade before they are ready to stand on their own.

President Karzai said foreign troops would still be needed to help battle militants, since the war on terrorism is an 'issue separate' from Afghanistan's security.

Those concerns were illustrated Sunday when Afghan and North Atlantic Treaty Organization forces arrested the deputy police chief of a central Afghan province over allegations that he was helping insurgents place roadside bombs aimed at coalition troops.

The police official had been under investigation "for some time" for helping to store, distribute and install explosives around Mahmud-Raqi, the capital of Kapisa province, north of Kabul, said Ali Bettencourt, a spokeswoman for U.S. forces in eastern Afghanistan.

NATO officials also said the police official was involved in bribery and corruption involving road projects in the province. Afghan officials said they, too, had suspicions about Col. Attaullah Wahab and suggested others in the government of Kapisa province—which has seen a surge in Taliban activity in recent months—may be corrupt and possibly in league with insurgents.

"Maybe he was a good colleague for the governor and his staff, but in our coalition and in intelligence network's eyes he was a suspect and that is why he was arrested," said Gen. Abdul Alim Kohistani, a top police official in central Afghanistan.

In Munich Sunday, where defense officials from all over the world were meeting, President Karzai brought up the idea of a draft so that within five years Afghan forces would be sufficient enough to guarantee the country's security is "no longer a burden on the shoulders of the international community."

Agence France-Presse/Getty Images

Afghan President Hamid Karzai waves to a participant ahead of a discussion on Afghanistan at the Munich conference.

Still, he said foreign troops would be needed to help battle hard-core Islamist militants because "war on terrorism ... is an issue separate from this security arrangement in Afghanistan."

Mr. Karzai said his government aims to have 300,000 soldiers and police by 2012, a goal roughly in line with Western targets—and that the volunteer system may not attract enough people. Plus, conscription could help integrate Afghanistan's disparate ethnic groups, he said.

"For the past many years I've been visited by Afghan community leaders who are advising me to go back to some form of conscription for the Afghan army so the young boys of the Afghanistan countryside can ... come to training centers, get acquainted with the rest of the country, get familiarized with other young men around the country and learn something and go back home," he said.

It wasn't the first time a draft has been suggested in Afghanistan; lawmakers have in the past raised the prospect. But those earlier calls received only a lukewarm reception from Mr. Karzai's government.

The top U.S. general in Afghanistan, Stanley McChrystal, meanwhile told reporters that the success of a coming offensive in the Taliban-infested south hinges on whether troops and civilian aid workers can quickly get schools, hospitals and public services running.

The planned offensive in Marjah, a town in Helmand province, has been widely advertised by NATO forces. Gen. McChrystal said that was intentional and seen as a way to let the people in the area know that NATO and Afghan forces would soon be there to re-establish control.

Also Sunday, NATO Secretary-General Anders Fogh Rasmussen said the alliance should develop closer ties with China, India, Pakistan and Russia and consult with them on the Afghan conflict, Reuters reported.

REGISTER NOW!
Save up to US$880!
Before 12 February 2010

Featuring:

Dr. Liu Hong
Chief Executive Officer,
PICC Investment Holding Co., Ltd

Alexa Lam,
Deputy CEO and Executive Director of its Policy, China and Investment Products Division
Securities and Futures Commission

Yao Jingyuan
Chief Economist
National Bureau of Statistics of China

John Lim
Group Chief Executive Officer and Executive Director
ARA Asset Management Limited

Parry Tse
Chief Financial Officer, Executive Director,
Evergrande Real Estate Group

Jason Leow
Chief Executive Officer
CapitaLand China Holdings Pte Ltd

The 5th annual
REAL ESTATE INVESTMENT WORLD
中国房地产投资世界 China 2010

29 – 31 March 2010, Shangri-La's Kerry Centre Hotel Beijing, China
Simultaneous translation in Chinese / English

Investment and development for property owners, developers and investors

Real Estate Investment World China 2010 is well recognized as the benchmark and barometer for the year ahead in China real estate. The 5th REIW China, held in Beijing, will shine the spotlight on a wide range of foreign and domestic Chinese property players as they jockey for position in one of the world's fastest growing markets.

This is the one event where you get to meet top domestic insurance property investors to share their views on real estate investments. Senior Chinese regulators are present examine the macro-economic outlook, market fundamentals and effectiveness of anticipated government policies and fiscal stimulus measures.

**REGISTER NOW! Save up to US$880!
Before 12 February 2010
Visit www.terrapinn/2010/reiwchina
for more information**

Media partner: THE WALL STREET JOURNAL. ASIA PRINT • ONLINE • MOBILE

Produced by: terrapinn use your brain

Paris Afghan pledge is short of U.S. goal

U.S. Defense Secretary Robert Gates made a plea to North Atlantic Treaty Organization allies in Istanbul on Friday for thousands of new troops to train Afghan forces—but France said separately it would contribute only 80, far below U.S. expectations.

*By **Peter Spiegel** in Istanbul and **Max Colchester** in Paris*

The pledge reflected the war's continued unpopularity in Europe, where national governments are under popular pressure to limit their involvement.

Despite the French decision and last month's announcement by Germany that it would contribute 850 additional troops, also below U.S. expectations, other commitments have exceeded expectations. During the planning stage, U.S. officials said they expected 7,000 new allied troops; commitments now total nearly 9,000.

During the Obama administration's review of Afghan strategy last year, senior U.S. officials had hoped French troop reductions in Kosovo would allow Paris to contribute as many as 1,000 new forces as part of the surge.

Adm. Christophe Prazuck, a spokesman for the French general staff, said Friday the French government believes it has enough troops on the ground "for the missions we have been given," and would send 50 soldiers to serve as embedded mentors and 30 more as instructors for NATO's training mission. The new troops will bring the French contingent to about 3,800.

Adm. Prazuck said French Defense Minister Hervé Morin informed his NATO colleagues of the decision during a meeting in Istanbul of alliance defense ministers, but a senior U.S. defense official said Mr. Morin only said that France had agreed to assist in the training effort and mentioned no specific numbers.

Because the U.S. government hasn't been formally notified, the official declined to comment on the French announcement.

In addition to the 30,000 troops being sent by President Barack Obama, the NATO pledges now give U.S. Gen. Stanley McChrystal, commander of allied forces in Afghanistan, "nearly all the combat forces he asked for," Mr. Gates said Friday. Gen. McChrystal asked for 40,000 more troops shortly after taking command last summer.

At meetings in Istanbul, U.S. and NATO officials kicked off a push to find as many as 4,000 troops who can train local forces. The alliance needs to get newly recruited Afghan forces "into the fight as quickly as possible," Mr. Gates said. "More trainers are needed and needed immediately," he said.

Mr. Gates is due to meet French officials in Paris on Monday. French President Nicolas Sarkozy has faced rising domestic pressure to withdraw from Afghanistan, where 39 French soldiers have been killed since the war began.

Bank of England mulls stimulus

By Natasha Brereton

LONDON — The Bank of England Monetary Policy Committee's suspension of its stimulus efforts has inevitably focused minds on when it might start to tighten policy, but economists are widely divided over how soon such a move could come.

Even as it explained its decision to pause its asset purchases Thursday, the committee stressed that restrictive credit conditions and the need to strengthen public- and private-sector balance sheets means recovery is likely to be gradual.

Despite the bank's cautious stance, analysts hold a broad range of views on the policy outlook. While some economists believe the BOE may have to react to counter inflationary pressures as soon as next quarter, others say it could take no action for two years.

Out of 17 economists polled by Dow Jones Newswires, 12 saw the central bank starting to tighten policy this year: three in the second quarter, four in the third quarter and five in the fourth quarter.

Three tipped the bank to start increasing interest rates or selling assets in the first quarter of 2011, and two didn't expect any move until the first quarter of 2012.

The BOE launched its £200 billion quantitative-easing program—through which it has bought mostly U.K. government bonds with freshly created central bank money—in March, having slashed its key interest rate to an all-time low of 0.5%.

Some analysts said survey and price data imply a significantly smaller degree of spare capacity than policy makers have suggested.

"We expect that the CPI data will prompt a fairly rapid turnaround to MPC tightening in coming months, especially if inflation expectations surge and the U.K. continues to lack a credible program to return to a sustainable fiscal path," said Michael Saunders, economist at Citigroup Inc., who forecasts tightening to start around mid-2010.

Data Friday showing that U.K. factory-gate prices rose at their fastest pace for 13 months in January—their 11th consecutive month of gains—did nothing to bridge the opinion divide.

Output producer prices rose 0.4% from December and were 3.8% higher than in January 2009, marking the strongest annual rate of increase since December 2008, the Office for National Statistics said.

With the central bank not ruling out the possibility of additional stimulus, there are also strong reasons for believing that the BOE could refrain from tightening interest rates or selling assets for the rest of this year, and even throughout 2011.

Not only the government, but banks, households and companies will have to tighten their belts in the months and years to come, to work out previous financial indulgences, tackling the U.K. contribution to global imbalances and leaving it far more dependent on external demand.

—Ainsley Thomson contributed to this report.

Worry rises in Greece, Spain

Concern about jobs, austerity and the future spread to other weak parts of Southern Europe

ATHENS—Nicos Bouzitsepis had been earning extra cash while studying photography by working as a waiter in a downtown Athens diner. Ten days ago, the 20-year-old lost his job—and is becoming pessimistic about pursuing his chosen career.

By Sebastian Moffett in Athens and Stephen Fidler in Madrid

"My goal is still be a photographer," he said. "But the job situation was much easier a year ago. It will go on till they take everything from us."

As Greece embarks upon a round of austerity measures aimed at slashing its budget deficit, the prospect of cutbacks is making ordinary Greeks nervous about the future. Concern over the future is now spreading to other weak Southern European countries as well.

Greece is currently the weakest of the euro-zone economies, with a budget shortfall for 2009 of close to 13% of gross domestic product—way over the 3% limit set by the European Union for countries that share the euro single currency.

Prime Minister George Papandreou and Finance Minister George Papaconstantinou have outlined a three-year overhaul that includes freezing public-sector wages and cutting bonuses for civil servants. The government also has proposed a freeze on public-sector hiring.

The austerity proposals already have sparked demonstrations and strikes in Greece. In Portugal, another heavily indebted economy, civil servants on Friday marched in Lisbon to protest a government plan not to raise their wages.

In Greece, worries over public finances have sparked a series of ratings downgrades since last year, raising the cost of borrowing for the Greek government.

The difference between the interest rate on a Greek 10-year bond and a German one—a measure of financial markets' confidence in Greece—reached more than four percentage points last week.

The Greek economy is expected to shrink 1.1% this year and 0.3% next year, according to the European Commission. Unemployment, around 9% at the end of 2009, is forecast to reach 10.2% this year.

Greece's economy accounts for only 2% of the gross domestic product of the countries that use the euro currency. However, its troubles have now caused worries that other Southern European countries might also have difficulty financing their public debt.

Financial markets in Spain and Portugal suffered a battering due to fears that they—like Greece—might struggle to finance giant budget deficits.

Spanish officials protest that the comparison is false, as Spain's total government debt is smaller than that of its neighbors.

Emilio Botin, the head of Banco Santander SA, the country's largest bank, said last week that comparing Greece to Spain was like comparing Real Madrid, one of the most glamorous soccer clubs in Europe, to Alcoyano, a perpetually struggling team from a lower league.

The difference between the interest rate on a Greek 10-year bond and a German one — a measure of confidence in Greece — was more than four percentage points last week.

Indeed, in central Madrid, the bars and restaurants are thronging with customers and the city looks prosperous.

But the economic slump has hit poorer immigrant neighborhoods in Madrid and its outskirts. Empty housing developments are the visible signs of a real-estate collapse, which follows more than a decade of rapid growth.

Unemployment now exceeds 18%, and many economic forecasters say it will get worse before it gets better. Because Spain is in the euro, it cannot devalue its currency as a quick way to boost exports, and instead must make painful adjustments to the structure of its economy to become competitive.

Antonio Beneroso, a transport manager visiting from Barcelona, said he saw slow growth for years to come in Spain.

He criticized the government of José Luis Zapatero for not taking control of the crisis. But he said leaving the euro was not an option for Spain. "Everybody supports staying in the euro. It's the only way to become competitive."

In Athens, troubles accelerated at the end of last year, says Michalis Michaloudis, the 59 -year-old owner of an auto repair shop in the Neo Kosmos district of Athens.

Amid the deepening economic woes, people put off repairing their cars, affecting auto shops, paint shops and parts suppliers. Mr. Michaloudis says he was barely able to pay his employees their year-end salaries.

"The self-employed are exhausted," said Mr. Michaloudis, who has been running the business for 34 years. "I have never needed to borrow money for my business, but for the first time I have gone to the banks just to keep the business going."

—Alkman Granitsas in Athens contributed to this article

OECD sees continuing world growth

By Paul Hannon

LONDON—There are increasingly strong signals that the world economy is in recovery, with leading developed economies clearly set to expand, the Organization for Economic Co-operation and Development said Friday.

The Paris-based think-tank's composite leading indicator of economic activity in its 30 members rose to 103.1 in December from 102.2 in November.

Furthermore, the leading indicators for each of the Group of Seven largest developed economies, as well as China and Russia, moved above their long-term averages—signaling that those economies will continue to expand.

Most major economies emerged from recession in the second and third quarters of 2009, and the OECD's leading indicators suggest that the upturn will continue.

The continued increase in the leading indicators will reassure policy makers, since the data have a track record of presaging pickups and slowdowns in economic activity going back to the 1980s. There is as yet no hint that leading economies could slip back into recession.

The OECD's leading indicators are designed to provide early signals of turning points between economic expansion and slowdown, and are based on a variety of data series that have a history of indicating swings in future economic activity.

Some 224 series are used in total, or between five and 10 for each country.

3rd Annual CFO Forum

Funding business growth and generating returns by enhancing accountability, secured investment through greater business insights and perfecting finance process effectiveness

New World Hotel Makati City
Manila, Philippines

9th & 10th March 2010

All CFO Forum delegates would have the opportunity to be nominated to the "ING-FINEX Search for the 2010 CFO of the Year"

This event is endorsed by the CMA Philippines and accredited with 8 CPD for all delegates who are members of the CMA Philippines

Your distinguished chairpersons:

Dato Mohammed Hussein President Commissioner
PT Bank Maybank Indocorp (Indonesia)

Hon. Leong Sze Hian President
Society of Financial Services Professionals
Representative
Inter-American Economic Council

Featuring an esteemed panel of speakers:

Jaime E.Ysmael CFO, SVP & Member of the Management Committee
Ayala Land

Jose Tan Sio Executive Vice President - CFO
SM Investments Corporation

Sherisa Nuesa CFO and Senior Managing Director, Corporate Resources
Integrated Microelectronics, Inc. (IMI)

Jérôme Debreu Chief Financial Officer Asia Pacific
Knorr-Bremse Asia Pacific Limited

M. Fatima Reyes Chair Sustainability Reporting & Assurance
Philippines Institute of Certified Public Accountants
Principal
Sustainability Strategics

Gavin Faull President
Swiss-Belhotel International, Hong Kong

Joselito Diga CFO
United Laboratories, Inc. (Unilab)

Thomas A. Whelan, CPA Chief Financial Officer, Otis Korea Group
Otis Elevator Co.

Rolando E. Valenzuela Head of Research
Philippine Dealing System Holdings Group

Jon Velasquez Head of FX
Security Bank Philippines

Yoshi Ikurumi CFO
Japan Business Systems, Inc

Lennard Yong CFO
ING Insurance & Pensions Hong Kong

Kern Lim Independent Director
Mindray International Ltd

Mohammed Siddiqui Former Head of Group Treasury & Planning
Tamer Group, Saudi Arabia

Endorsers: CMA, FINEX
Official Media Partner: The Wall Street Journal Asia
Media Partner: BusinessWorld

marcusevans conferences

For more information and registration, please contact Lee Chew Wan
Tel: +603 2723 6748
Email: leec@marcusevanskl.com
www.marcusevans.com

Jobless rate dips in sign of hope

Still, businesses continue to feel insecure

By Sara Murray

The U.S. unemployment rate dropped sharply last month, but employers continued cutting jobs in January as businesses remained insecure about the economic outlook.

The jobless rate fell to 9.7% from 10% in December, the Labor Department said Friday, because its survey of households found more people landed jobs than entered or returned to the labor market.

But a separate survey of employers, which counts how many workers are added or cut from payrolls, found that 20,000 jobs were eliminated last month. And revisions to last year's data found far more jobs were lost over the 12 months than previously predicted.

"Any drop in the unemployment rate is a good thing," said Mark Vitner, a Wells Fargo economist, "but it seems to overstate our sense of the improvement."

The drop in the unemployment rate comes as the White House is focusing more attention on how to stimulate hiring. But the numbers didn't provide much relief to investors, who have fretted this week about the risks of a new financial crisis erupting in Europe. The Dow Jones Industrial Average closed up 10.05 points, at 10012.23, after having been down as much as 167 points earlier Friday.

The Great Recession was apparently a good deal deeper than first thought: The Labor Department's annual revisions showed that employment in December was nearly 1.4 million lower than previously reported. The revisions used March 2009 as a benchmark, adjusting the employment level for the month down by a seasonally adjusted 930,000.

In a more positive sign, the revisions showed that losses in recent months slowed even more sharply than previously reported, an indication that a turn toward adding jobs could be imminent.

The number of people working part-time, even though they want full-time jobs, fell sharply. That usually happens when employers are starting to add full-time workers and look to the ranks of part-timers already on their payrolls for good candidates. And a broader measure of unemployment, including those who want to work but have stopped looking, declined to 16.5%, down from 17.3% in December.

Some industries are doing better than others. Manufacturing added 11,000 workers on a seasonally adjusted basis—the first time that part of the economy has added jobs since before the recession began in December 2007. Temporary hiring, which is counted separately but mostly includes workers used in manufacturing, added 52,000 jobs in January. Construction continued to shed employees.

The extreme weakness of the U.S. job market has puzzled economists, who use a widely accepted econometric model that is supposed to predict the level of unemployment to be expected for each 1% decline in gross domestic product, the broadest measure of the value of goods and services produced by the economy.

Viewed against that model, unemployment at the end of 2009 was about 1.7 points higher "than would have been expected," according to the forthcoming Economic Report to the President prepared by the Council of Economic Advisors.

"You can only grow without jobs for so long," said Merrill Lynch economist Ethan Harris. "The question is, when do they move to the next phase, where they say growth has gone on long enough that we want to rehire some people?"

One place that's hiring again is MOR/ryde International, which makes rubber suspension systems for recreational vehicles and buses. President Robert Moore said business has been improving since April. After slashing his staff from a peak of 420 in 2008 down to about 200 last year, the company is now back up to around 275 people.

But Mr. Moore is in no rush to get back to peak head count. "We're still not sure what the future holds," he said, "so we're still being very ginger."

Manufacturers aren't the only ones starting to add back people. According to the Labor Department, retail trade employment climbed by 42,000 in January from job increases at food, clothing and general-merchandise retailers. Healthcare employment rose as well.

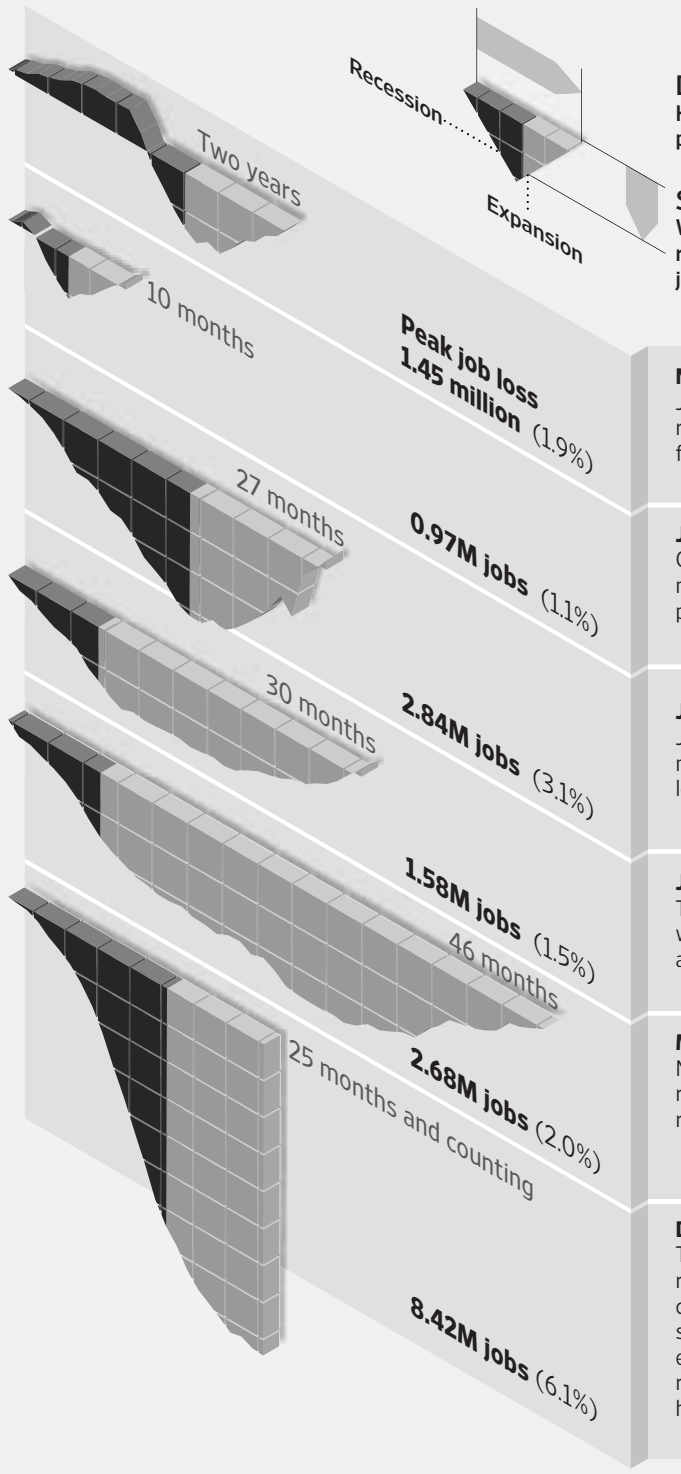
Many still aren't seeing the rebound in demand needed to inspire confidence and encourage hiring. Bob Senkler, CEO of Securian Financial Group Inc., an insurer in St. Paul, Minn., with 3,500 employees, eliminated 120 positions through attrition during the downturn. This year, he plans to fill only about 10% of those spots, mostly in technology and sales.

Mr. Senkler said he doesn't want to add people and then have to cut them again if the economy falters later this year. "Right now we're quite cautious," he says. "This will be a slow slog out of this recession."

—Justin Lahart, Dana Mattioli and Deborah Solomon contributed to this article.

Long road back

After a recession ends, years can go by before the lost jobs are replaced. A look at how long it took to recoup jobs in the past six recessions; each chart shows the cumulative change in jobs from the month each recession began until the job level at the start was regained:



DURATION
How long it took jobs to return to prerecession level

SEVERITY
Worst level of job loss in each recession, and percentage of total jobs at each recession's start

November 1973–March 1975
Jobs held their ground until near the end of the recession. When it ended, it took eight months for them to rebound.

January–July 1980
One year after this recession ended and eight months after jobs returned to their prerecession level, another recession started.

July 1981–November 1982
Job losses were severe. Two years and three months went by before the prerecession job level was reached.

July 1990–March 1991
The recession was short, but the job level wasn't restored until two-and-a-half years after the recession began.

March 2001–November 2001
Nearly four years: That's how long it took to return to the prerecession job level. The recession itself was short: eight months.

December 2007–
The WSJ survey of economists says the recession may have ended in June. But jobs continue to vanish. It would take more than seven years to regain the level of employment at the recession's start if jobs returned at the average rate at which they had been added in the previous expansion.

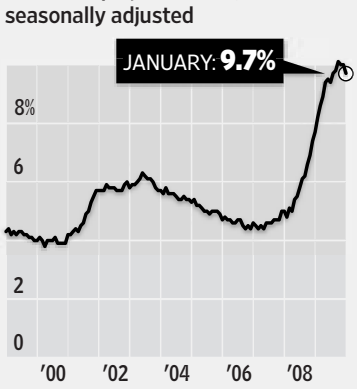
Source: WSJ analysis of U.S. Labor Department data

Pat Minczeski/The Wall Street Journal

Opinion is split on how to create more jobs

Turn for the better

U.S. unemployment rate, seasonally adjusted



Source: Labor Department

By Deborah Solomon

The stubbornly weak U.S. employment picture is ratcheting up pressure on Washington to fix what ails the labor market, but policy makers and economists are concluding there is no magic bullet to boost jobs.

Opinion is split over which, if any, of the policies in play offers the best hope of spurring employment. Even those who advocate government action say the federal efforts can only reduce, not repair, the labor market.

More than eight million jobs have been lost during the recession, a deficit compounded by the fact the economy needs to add more than one million jobs annually simply to keep up with the growth of the labor force.

"Don't expect the government to solve the whole job deficit we now have," said Alan Blinder, a Princeton University economist and former Federal Reserve official. Mr. Blinder said it would be a "signal achievement" if government actions could add two million jobs.

Plans to tackle job losses come in two flavors: Tax incentives to encourage businesses to hire, and direct government spending to stimulate demand and boost payrolls. Both will add to the nation's mounting budget deficit, which is expected to hit $1.6 trillion.

The Obama administration has proposed a combination of tax breaks and direct spending, including a $5,000 tax credit and payroll-tax cut for companies that hire new workers, $30 billion to jump-start lending to small businesses, aid to state and local governments and programs for displaced workers.

The Senate is trying to craft a bipartisan jobs bill that addresses some of these ideas. Some Republicans, meanwhile, advocate a straight cut in payroll taxes and more aid to small businesses.

A report by the nonpartisan Congressional Budget Office said the policies with the biggest impact on employment include reducing payroll taxes for companies that hire new workers and increasing aid to the unemployed, which provides quick stimulus.

Employers, however, say they are basing hiring decisions on business fundamentals. Jim Henderson, who owns a construction and industrial-supply firm in St. Louis, hired a new worker this month and is interviewing another to add to his six-person company, Dynamic Sales Co. "We're just choosing to be bold and go out and sell our way out of this economic downturn," he said. "It has absolutely nothing to do with the Obama administration's plans."

In some cases, Washington is considering policies that have been tried before, with inconclusive results. The CBO says a tax credit in the 1970s "directly subsidized about 2.1 million new workers, but the net number of jobs induced is unclear." The gains may have been offset by job losses elsewhere, the CBO said.

WORLD NEWS

U.S., Canada settle trade dispute

By Tom Barkley
And Henry J. Pulizzi

WASHINGTON—The U.S. and Canada, its largest trading partner, reached a preliminary deal to settle what had become an acrimonious dispute over "Buy American" provisions in the U.S. stimulus package.

The deal, if approved, will give companies on both sides of the border access to government procurement contracts at the state, provincial and local levels. U.S. Trade Representative Ron Kirk said the increased access for U.S. firms in Canada would be worth billions of dollars in contracts.

Last year's U.S. stimulus package required that manufactured products used in projects paid for with federal stimulus funds be made in the U.S.

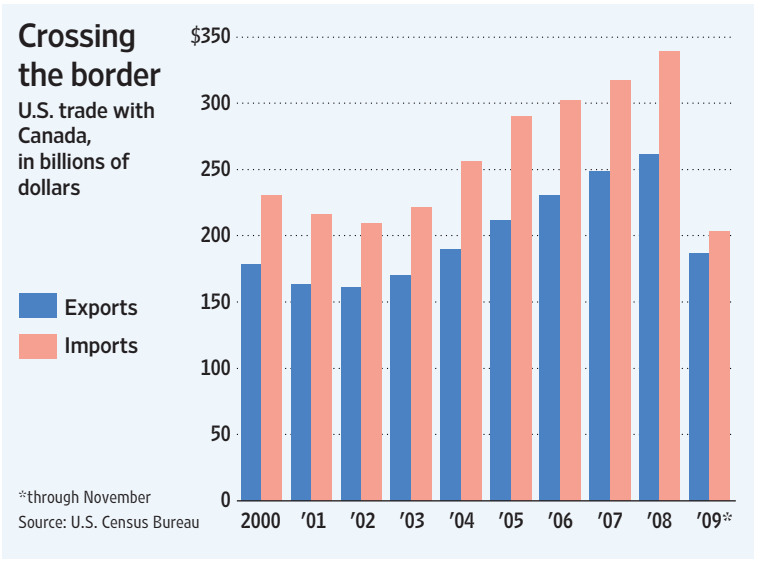
While the restrictions were meant to exempt countries such as Canada that have existing trade treaties with the U.S. and have signed on to the World Trade Organization's government procurement pact, the Canadian government in the 1990s excluded its provinces and towns from those rules.

That hitch had frustrated companies on both sides of the border and provoked threats of retaliatory "Buy Canada" action from some Canadian municipalities.

Rep. Kevin Brady (R., Texas) said the deal is "helpful but doesn't fix the problem," predicting the Obama administration will remain on the defensive with other countries over Buy American provisions.

Administration officials hailed the deal. "This administration made clear to Canada from the outset that any agreement to provide Canada with expanded access to U.S. procurement absolutely must provide guaranteed reciprocal access for U.S. exporters to supply goods and services to Canada through provincial and territorial procurement contracts," Mr. Kirk said in a statement.

Resolution of the percolating trade spat comes as the Obama administration aims to double U.S. exports in the next five years—a plan many experts say will be a reach without a global economic recovery and the conclusion of new trade agreements the White House has so far been reluctant to push. Free trade is unpopular with many core Democratic constituencies.



Canadian Minister of International Trade Peter Van Loan said his government "stood up for Canadian businesses and workers in resolving this issue with our U.S. partners."

Under the deal, countries agreed to permanently give reciprocal treatment in the Canadian territories and provinces and 37 U.S. states covered by the WTO's procurement agreement.

Canadian suppliers would receive access to state and local public-works projects in a range of stimulus programs on a temporary basis through September 2011, when the U.S. stimulus funds are set to expire.

U.S. suppliers would also get temporary access to a range of construction contracts in some Canadian provinces and municipalities not covered by the WTO pact.

The agreement is subject to review in both countries before signing, with a target date of Feb. 16.

The two countries also agreed to start talks within a year to explore making some of the temporary procurement deals permanent, according to Canada's statement. They also plan to establish a fast-track process to deal with any Buy American provisions in future funding programs.

Trade between Canada and the U.S. was approaching $430 billion last year, based on data through November. But the deal's impact could be more political than economic.

"We're positive about the agreement," said Chris Braddock, senior director of procurement policy at the U.S. Chamber of Commerce.

—Phred Dvorak contributed to this article.

They rely on PIMCO for one purpose...
to manage risk and deliver returns.
Bill Gross and team are proud to have been named Morningstar® Fixed-Income Fund Manager of the Decade and we dedicate this honor to the millions of clients around the world who have placed their trust in us. You inspire us to reach for excellence.
In nearly four decades, there has been no time which has presented more investment challenges…both great and small. PIMCO works day after day to manage risk and deliver returns on behalf of the people who matter most: you, our clients.
We are privileged and grateful for the opportunity to continue that mission.

Past performance is not a guarantee or reliable indicator of future results. All investments carry the possibility of loss. PIMCO only provides products or services to qualified investors. This is not an offer to any person in any jurisdiction where unlawful or unauthorized. PIMCO companies include PIMCO LLC (USA), PIMCO Europe Ltd (UK, the Netherlands and Germany), PIMCO Japan Ltd (Japan), PIMCO Asia Pte Ltd (Singapore) Registration No. 199804652K, PIMCO Asia Ltd (Hong Kong), PIMCO Australia Pty Ltd (AFSL 246862, ABN 54 084 280 508, only Wholesale Clients as defined in the Corporations Act), and PIMCO Canada Corp (Toronto, only accredited investors within certain provinces or territories). PIMCO Europe Ltd is authorised and regulated by the Financial Services Authority, approved this under § 21 of the Financial Services and Markets Act 2000. Morningstar award given January 2010. ©2010 PIMCO.

A company of Allianz Global Investors

Fund Manager of the Decade Fixed-Income

PIMCO
Your Global Investment Authority.
www.pimco.com

WORLD NEWS: HAITI

Governing in a huge disaster zone

Prime Minister Bellerive juggles demands of quake relief effort while he's trying to make his struggle visible

By David Gauthier-Villars

PORT-AU-PRINCE, Haiti–Jean-Max Bellerive, Haiti's 52-year-old prime minister, started his 15-hour business day Thursday after getting up from his tent outside his damaged official residence. Scores of homeless families also have been camping out on the grounds since the earthquake Jan. 12.

At a makeshift office in a rundown police building, he tackled a range of requests from foreign governments organizing aid, discussed how to find places for his ministers to work, met with the head of Unicef, fielded dozens of phone calls, had his hair cut ahead of an interview with CNN's Larry King, and smoked a pack of Benson & Hedges.

"If I must, I guess I can go and meet Bill Clinton at the airport," the prime minister, exasperated, said to an aide shortly after 3 p.m. "What is he coming here for, again?"

"I am not sure, PM," said the aide. Mr. Bellerive resumed his conversation with a consultant over rebuilding.

Mr. Bellerive's day showed the government of Haiti struggling to cope with a massive foreign presence while juggling a host of emergencies and long-term development plans. The nation's leaders appeared eager to avoid missteps of the past, when Haiti squandered foreign aid through mismanagement, bureaucracy and corruption.

They also were under pressure to make their presence felt, after criticism since soon after the quake that they were too invisible as casualties mounted and aid was slow to reach the needy. The government says at least 200,000 are dead and it faces a massive project to quickly house its homeless and rebuild its society.

"We must act quickly to put forward our own vision for Haiti, or else foreigners will impose their own," Mr. Bellerive said during one of the twice-a-week cabinet meetings held at the central bureau of Haiti's judicial police.

Agence France-Presse/Getty Images

Haitian Prime Minister Jean-Max Bellerive, left, has been juggling short-term emergencies with long-term development plans. He recently discussed with cabinet members perceptions of a political vacuum due to heavy foreign relief presence.

He headed there in a bulletproof white Land Cruiser at 7:30 a.m. after being paid his wages for the first time since the quake along with some of Haiti's other 60,000 civil servants. Mr. Bellerive received 109,728 gourdes, or about $2,760, for the month.

In Haiti, the president runs the country and the premier implements his policies.

When it was Tourism Minister Patrick Delatour's turn to speak, the ministers laughed. Opposition politicians have called for his resignation, arguing that Haiti has more urgent priorities than its hotels. But Mr. Delatour is coordinating the effort to relocate ministries. "So, I still have a future in this government, right PM?" Mr. Delatour asked.

"Yes, I want a final plan by Friday evening." Mr. Bellerive responded. "Besides, you've all heard the radio?"

He referred to comments in recent days on Haiti's airwaves that there is a political vacuum in the country. He said it was inevitable that when people get food from foreign relief organizations, they don't note whether the Haitian government helped restore the fuel supply for the trucks. "We must find ways to reach out to the population," said Mr. Bellerive.

The government is operating in almost warlike conditions, and under emotional strain. Nearly every minister either lost loved ones or employees in the quake.

After the cabinet meeting Mr. Bellerive hosted a meeting with business leaders, saying he wanted to talk about a master plan for rebuilding Haiti. He said there were several scenarios being floated by the United Nations, the World Bank and other international agencies on how to make reconstruction aid available to the island. Businessmen said they felt ill-prepared; they had no idea that reconstruction would be the topic of the meeting.

Others urged the government to move back to a central location in Port-au-Prince, saying it would be an important symbol of sovereignty.

As they left the room, the premier began working on a document explaining how Haiti should play a leading role in rebuilding itself.

Aides kept interrupting. One brought a bilateral convention from Spain seeking to provide legal basis for having its soldiers in Haiti. Another brought a stack of adoption documents from Italian parents wanting to adopt Haitian children. Since the earthquake, Haiti has agreed to process adoptions only if they were near completion and provided governments of recipient families take responsibility for any problem.

Mr. Bellerive handed the documents back, saying the Italian Embassy had to vouch for the families.

He was trying to return to his reconstruction draft when the acting speaker of the Haitian Senate, Michel Clerié, came to him. "Senators are concerned with the numbers of foreign troops present on our soil," he said. The prime minister said he had no patience for such debate: "Foreign troops are here to help us."

The prime minister met with Ann Veneman, executive director of the U.N. Children's Fund. She said the recent case of 10 U.S. missionaries being charged with abducting children might be "a blessing" because it would help "raise the issue of potential child trafficking."

Mr. Bellerive said he agreed, but added that he was upset that journalists would ask him only about the 10 missionaries when he had to deal with millions of homeless.

A bit later, Mr. Bellerive put his hand on the wall. "Did you feel the aftershock?" He recalled the day of the earthquake. He was at a meeting about combating AIDS. "My car couldn't move because of the debris," he said. "I had to jump on a motorcycle to reach President Préval."

Villagers, parents back arrested Americans

The Haitian government is accusing Laura Silsby and nine other American missionaries of illegally abducting 33 children, most of them from the town of Callebasse, in the mountains south of the capital.

*By **Joel Millman** in Callebasse, Haiti and **Jeffrey Ball** in Twin Falls, Idaho*

But some of the children's own families and friends here disagree. On Friday, some said they willingly handed over the children, want the Americans freed, and want them to continue with plans to have the children live in an orphanage in the Dominican Republic.

The account from Callebasse stands in contrast to the image portrayed by the Haitian government of Ms. Silsby and the other missionaries. A Haitian judge Thursday charged the 10 U.S. citizens with abduction and conspiracy, which could land them in jail for years.

But the message from the town where 20 of the 33 children were taken is consistent with the message from Ms. Silsby's family and friends. Adonna Sander, Ms. Silsby's mother, said Friday that her daughter's group had written permission from the children's parents to take them.

Despite the villagers' support for Ms. Silsby's efforts, their accounts of her visit revealed details that raised questions over her attempts at due diligence.

At least three people who agreed to send their children weren't their birth parents. Milien Brutus, 28 years old, the brother of a nine-year-old boy, authorized passage with the Idaho group, as did Melanie Augustin, 57, who agreed to send a girl she adopted as an infant, nine-year-old Loudinie Jovene. Natanya Geffraid, a 24-year-old woman with no children of her own, signed off on sending a child to whom she said she is godmother.

The Idaho group also promised to bring the Callebasse villagers to visit the children next year.

"They said we would all go in a bus together," said Ms. Augustin. She added that acquiring a Haitian passport was beyond the means of anyone in Callebasse, citing a price of 1,000 Haitian dollars, or US$125.

The case illustrates the complexities of adoption in a poor country with a corrupt bureaucracy. Most children in Haitian orphanages aren't orphans, but have been put there by desperately poor families hoping they will be better fed and educated.

There are also many cases of Haitian children being trafficked for forced labor or sex, and the government says it must enforce adoption rules strictly to avoid such situations. It is worried that the recent quake will spur more trafficking.

Haiti has a long tradition of families handing over their children. Some villagers here considered the Jan. 28 arrival of Ms. Silsby and an Idaho church group "a miracle," and a blessing from God.

Ms. Silsby's family in Idaho described her as following a family tradition of missionary work helping the poor. "Laura was raised in a missionary's home and just felt the burden for mission work," her father, John Sander, said Friday.

Joel Millman/The Wall Street Journal

A villager who gave his 5-year-old son (pictured in photo) to the Americans.

WORLD NEWS

Associated Press

Sarah Palin at the National Tea Party Convention in Nashville, Tenn., Saturday.

Tea Party plans next step in U.S.

Movement has its eye on winning elections

By Susan Davis

NASHVILLE, Tenn.—Tea Party activists gathered here over the weekend grappled with a central question looming over the burgeoning political movement: Where does it go from here?

The early consensus suggests the those most associated with Tea Party activism might change their focus from staging political rallies like the one held on the National Mall in Washington, D.C., in September, to attempting to win elections.

"The Tea Party movement is growing up," said Judson Phillips, a Nashville-based criminal defense lawyer who organized the National Tea Party Convention. "If 2010 is another year of rallies, we've lost."

The Tea Party hasn't outlined a specific platform but is held together by the broad beliefs that politicians in both parties are out of touch, fiscal responsibility has run amok and that the concept of American exceptionalism is faltering.

Building a coherent movement isn't going to be easy. The Tea Party activism that sprung up in early 2009 remains a largely undefined and loosely organized concept, prone to infighting among activists over its leadership and ties to the Republican Party. It is guided by thousands of independent and conservative activists nationally who organize mainly through online social-networking sites.

Sarah Palin, the former Alaska governor and candidate for U.S. vice president on the Republican ticket, has embraced the Tea Party in public remarks. She is stepping up her participation in the movement with a speech at the convention Saturday night and appearances at Tea Party rallies in Nevada and Massachusetts in the next two months.

Ms. Palin urged activists to resist efforts to spark a third-party movement and instead encouraged them to work to change the current political system. "The Republican Party would be really smart to try and absorb as much of the Tea Party movement as possible," she said.

On Sunday, Ms. Palin said she hasn't ruled out running for president in 2012. "I think that it would be absurd not to consider it," Ms. Palin said in an interview on "Fox News Sunday." She said she would jump into the next presidential race if she believed it was "the right thing to do for the country" and for her family.

Asked Sunday whether she might run on a Tea Party ticket, Ms. Palin dodged the question by saying she hoped the nascent movement remained a "movement of the people" and that its members "don't believe that they need some kind of well-oiled machine" to have a political impact.

In Nashville, the prevailing view was that the Tea Party should not seek to build a third-party movement but work within the confines of the two-party system. "I suspect the Tea Party strategy is to commandeer the Republican machine," said Roger Webb, a 65-year-old freelance photojournalist, at the convention.

The gathering in Nashville has been the target of criticism from competing Tea Party activists in Tennessee and elsewhere who questioned the spirit of Mr. Phillips's decision to turn his outfit, Tea Party Nation, into a for-profit corporation and charge the 600 attendees $600 for the three-day convention. Opposing activists with a separate organization formed last month, Tennessee Tea Party Coalition, didn't participate in the Nashville convention and contended Saturday that their organization is the leading Tennessee movement, not Mr. Phillips's. The Coalition has organized 34 groups under their umbrella, representing some 18,000 Tea Party activists.

The Tea Party movement boasts at least one primary victory so far. Illinois venture capitalist Joe Walsh won a six-way contest on Feb. 2 to be the party's nominee against well-funded incumbent Democratic Rep. Melissa Bean in a suburban Chicago swing district.

"I ran as a Tea Party candidate in the primary, and I'm going to run as a Tea Party candidate in the general," said Mr. Walsh, who spoke in Nashville.

U.K. probe charges four

By Alistair MacDonald

Four British politicians face criminal charges over alleged abuses of the House of Parliament's expense-reimbursement system, extending a scandal that has curtailed a host of political careers and tarnished Parliament's reputation.

Elliot Morley, David Chaytor and Jim Devine, all lower-house members of the ruling Labour Party, and Lord Hanningfield, an opposition Conservative Party member of the upper house, will be charged under the Theft Act for false accounting, the Crown Prosecution Service announced Friday.

The cases stem from revelations last spring that members of the House of Commons used Parliament's expense system to seek reimbursements for items including toilet seats, dog food and mortgage payments. Separately, a number of members of the House of Lords were accused of abusing their house's expense system.

The expenses scandal has effectively ended the political careers of about 20 lawmakers. On Thursday, Parliament issued a report that said over half of MPs need to pay back more than £1 million ($1.58 million) for dubious expense claims. Among those asked to repay are U.K. Prime Minister Gordon Brown and the heads of the opposition Conservative and Liberal Democrat parties.

Though Parliament has been buffetted by scandals before, politicians have faced jail in relatively few of them. White-collar crimes such as fraud can draw prison sentences in the U.K.; false accounting carries a maximum sentence of seven years.

"I think this is very important moment in British politics, a real low, and because it is coming before the general election it couldn't have come at a more sensitive time," said Patrick Dunleavy, a professor of political science and public policy at the London School of Economics.

Mr. Brown has to call an election before early June and months of expenses revelations risk raising cynicism among the electorate. U.K. voter turnout in European parliamentary elections last June was low, and non-mainstream parties unaffected by the scandal benefited, a pattern expected to be repeated this spring.

The three Labour MPs, who have been suspended from the party, issued a joint statement saying "we totally refute any charges ... and we will defend our position robustly."

The MPs said their cases should have been handled by a Parliamentary commission. Their lawyers have argued that they should be able to invoke Parliamentary privilege, which grants protection from civil or criminal liability for actions related to a politician's duties as a legislator. Critics have said that a centuries-old tradition of self-regulation among members of Parliament led to the abuses.

A Conservative Party spokesman said Lord Hanningfield has resigned his position in the House of Lords. Lord Hanningfield said he will defend his case "vigorously."

The Crown Prosecution Service said there was "insufficient evidence to provide a realistic prospect of a conviction" in the case of another politician from the House of Lords, and said a sixth case is still under consideration.

All four men will appear next month at Westminster Crown Court in London.

WEEKEND JOURNAL
ASIA

Published with every Friday's edition of The Wall Street Journal Asia, Weekend Journal Asia explores the best of travel, fashion, film, dining, wines & spirits, art, sports and more, all with a distinctly Asian flavor.

Subscribe to The Wall Street Journal Asia today at wsj-asia.com/sub/34.

MANAGEMENT

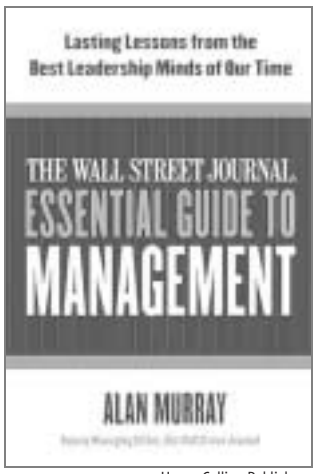
Which leadership styles work best?

The best performers move among six different approaches, using the one that meets the need of the moment

By Alan Murray

Leadership is a big, vague, amorphous topic. We can write about great leaders at great length. But practically speaking, how do you become one? A good start is to focus on leadership styles. Daniel Goleman, who popularized the notion of "emotional intelligence," has described the following six different styles that leaders use to motivate others.

Our view is these are not mutually exclusive. You don't need to adopt one and ignore the others. Rather, the best leaders move among these styles, using the one that meets the needs of the moment. Think of them all as part of your management repertoire.


Lasting Lessons from the Best Leadership Minds of Our Time
THE WALL STREET JOURNAL.
ESSENTIAL GUIDE TO MANAGEMENT
ALAN MURRAY
HarperCollins Publishers

■ **Visionary.** This style is most appropriate when an organization needs a new direction. Its goal is to move people towards a new set of shared dreams. "Visionary leaders articulate where a group is going, but not how it will get there—setting people free to innovate, experiment, take calculated risks," writes Goleman.

■ **Coaching.** This one-on-one style focuses on developing individuals, showing them how to improve their performance, and helping to connect their goals to the goals of the organization. Coaching works best with employees who show initiative and want more professional development. But it can backfire if it's perceived as "micromanaging" an employee, and undermines his or her self-confidence.

■ **Affiliative.** This style emphasizes the importance of team work, and creates harmony in a group by connecting people to each other. It's particular valuable when you need to improve team harmony, increase morale, and repair communication or repair broken trust in an organization."

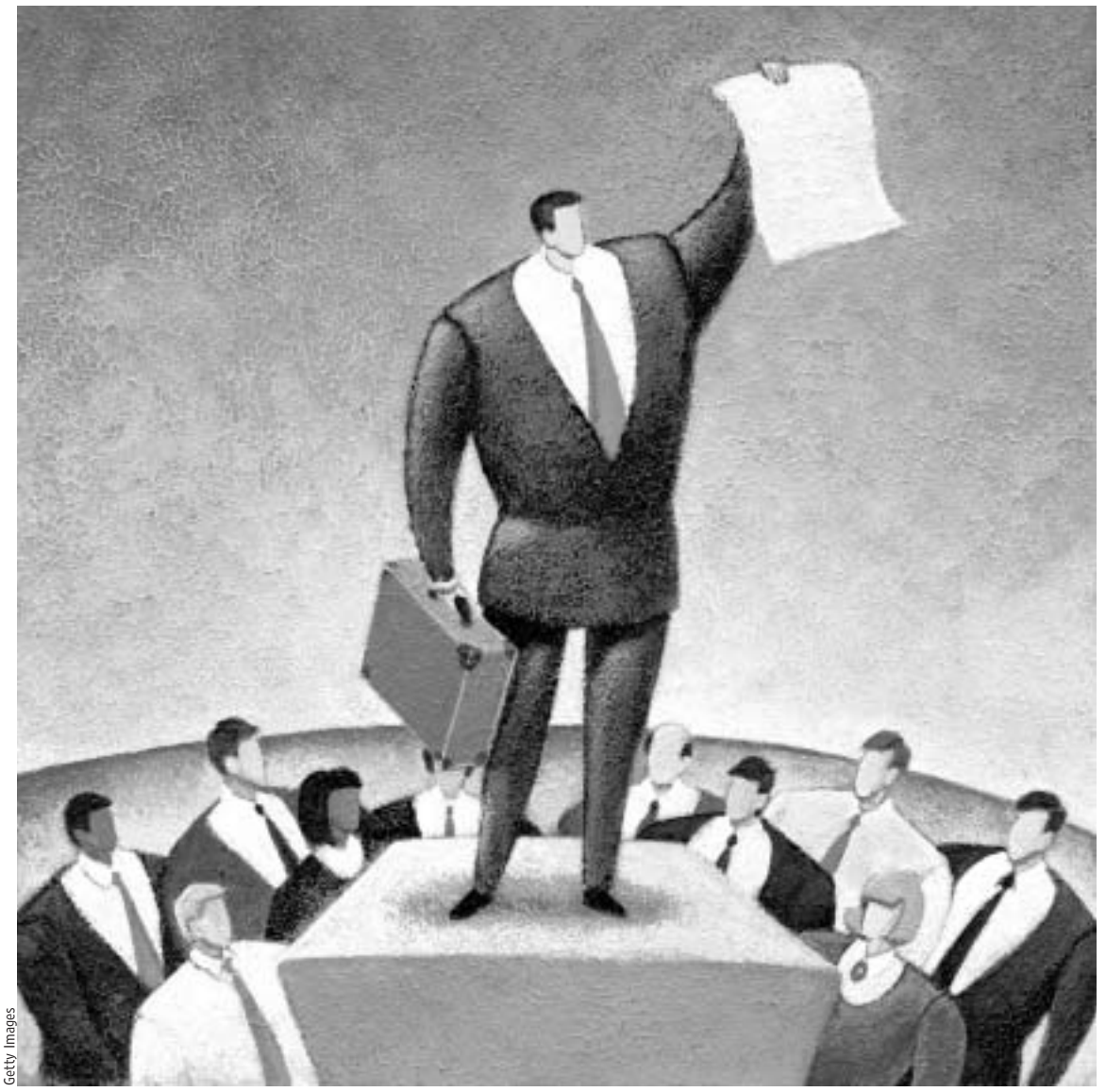
But it has its drawbacks. An excessive emphasis on group praise can allow poor performance to go uncorrected, and lead employees to believe that mediocrity will be tolerated.

■ **Democratic.** This style draws on people's knowledge and skills, and creates a group commitment to the resulting goals. It works best when the direction the organization should take is unclear, and the leader needs to tap the collective wisdom of the group.

The consensus building approach can be disastrous in times of crisis, however, when urgent events demand quick decisions.

■ **Pacesetting.** In this style, the leader sets high standards for performance. He or she is obsessive about doing things better and faster, and asks the same of everyone. But Goleman warns this style should be used sparingly, because it can undercut morale and make people feel as if they are failing. "Our data shows that, more often than not, pacesetting poisons the climate," he writes.

■ **Commanding.** This is the classic model of "military" style leadership—probably the most often used, but the least often effective. Because it rarely involves praise and frequently employs criticism, it can undercut morale and job satisfaction. Still, in crisis situations, when an urgent turnaround is needed, it can be an effective approach.


Getty Images

Note that what distinguishes each leadership style above is not the personal characteristics of the leader, but rather the nature and needs of those who are being led. As James MacGregor Burns argued in his path-breaking 1978 book, Leadership: "Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological and other resources so as to arouse, engage and satisfy the motives of followers."

Unlike "naked power wielding," he writes, "leadership is thus inseparable from followers' needs and goals."

The good leader, in other words, must understand what motivates those he or she wishes to lead.

The Power List

The top business leaders in Asia making headlines last week in select global and regional media. Powered by Dow Jones Factiva and edited for relevance and clarity.

AKIO TOYODA

President
Toyota Motor

The scion of the auto maker's founding family apologized for a series of safety lapses.

SHAMSUL AZHAR ABBAS

President, Chief Executive
Petroliam Nasional's MISC unit

Mr. Shamsul will become Petronas' new president and CEO, succeeding longtime chief Hassan Marican, in a move that raised questions about the future of the oil company.

ERIC SCHMIDT

Chief Executive
Google

The search engine giant remained in the news, as Mr. Schmidt reiterated his hope in Davos that Google can stay in China despite its censorship dispute with Beijing.

VIKRAM PANDIT

Chief Executive
Citigroup

On a tour through Asia, Mr. Pandit met with China Vice Premier Wang Qishan and announced expansions in Japan and Hong Kong.

CÉSAR FLORES

President, Smartmatic Asia Pacific Region
Smartmatic

The closely held company signed a contract to provide ballot boxes for May's election in the Philippines.

Photos: Associated Press (Toyoda and Schmidt); Reuters/The New Straits Times Press (Abbas); Bloomberg News (Pandit); Smartmatic (Flores)

Compiled by Carlos Tejada/ The Wall Street Journal

A Double-A U.S.A.?

Fear of defaults by European countries sent stocks reeling Thursday, but that could never happen in the U.S. Or could it? Moody's Investors Service caused a market stir last week by saying that on Washington's present spending and debt track, maybe it could.

Specifically, the credit rating outfit issued a statement following the release of President Obama's fiscal 2011 budget: "Unless further measures are taken to reduce the budget deficit further or the economy rebounds more vigorously than expected, the federal financial picture as presented in the projections for the next decade will at some point put pressure on the Aaa government bond rating."

A primer on the national debt.

So there it is: The threat of a double-A U.S.A. This warning could use some perspective.

As a reality-check to politicians, the Moody's blast is useful as far as it goes. But it doesn't go very far. In particular it shouldn't be cause for rending garments or selling Treasurys, much less laying in canned goods. The U.S. isn't in imminent danger of losing its Aaa rating, and it won't do so even in the medium or long term if our political class responds in the right way.

The ratio of U.S. federal public debt to GDP soared in World War II but then fell steadily until the defense buildup and recession of the early 1980s. (We use the debt-held-by-the-public figure because that is the amount the U.S. government has borrowed from others. The total debt is larger, but that includes Social Security IOUs that are promises that politicians have made to taxpayers and can repudiate. You can't repudiate public debt except at great cost, as Greece is discovering.)

The debt ratio stabilized for a time, as the nearby chart shows, then reached a postwar record of 49.3% in 1993 after the recession of the early 1990s. But it quickly fell in the 1990s as the economy grew rapidly and the post-1994 Republican Congress restrained spending for a time and struck a balanced budget deal with Bill Clinton.

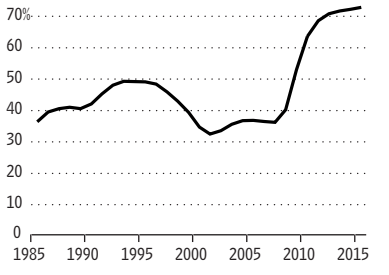
It's worth noting that when Democrats took over Congress in 2007, the debt ratio was 36.2%, but within a year it had climbed to 40.2% and was heading north. Now the public debt ratio is climbing even faster amid slow economic growth and a spending binge, reaching an expected 63.6% this year, 68.6% next year and above 70% later this decade even by White House reckoning.

These White House estimates are surely understated if current U.S. policies continue. The Obama budget assumes its tax increases won't affect investor behavior or reduce growth. Passing ObamaCare would send the debt ratio even higher, probably past 100% within a few years as spending soared and the illusionary cost savings failed to appear.

But debt that goes up can come down. The key policy variables for future debt are spending restraint and, especially, economic growth. The burden of debt climbs most rapidly amid recessions as tax revenues decline, but it can also decline rapidly when the economy expands by 3% or more a year and Congress controls itself. The latter didn't happen under the Tom DeLay GOP and it won't happen as long as Nancy Pelosi is House Speaker, but it did happen for some time after the election of the GOP Congress in 1994.

Uncle Sam's Debt Binge

Debt held by the public as a share of GDP, 1985-2015, 2010-2015 estimates



Source: Office of Management and Budget

Which brings us to the necessity of economic growth. This is where we part company with Moody's, which in handing out country credit ratings cares most about balanced budgets. How countries do the balancing counts for less. If tax increases do the job, that's fine with the green eye shades.

The wrong lesson to take from this fretting over the national debt is that the only answer is a tax increase. That's clearly part of the White House strategy, which explains its emerging theme that debt is a "national security" problem. Having lifted spending to a peacetime record of 25% of GDP, Democrats now want to point to the national debt and claim they must raise taxes—for the national good!

Neither the public nor Republicans in Congress should fall for this. The $2 trillion in tax hikes that Mr. Obama proposed last week, which will start hitting in 2011, are the larger threat to national solvency and prosperity because they will strike an economy still emerging from a deep recession. A weaker or shorter expansion will mean less tax revenue, and thus higher deficits and more debt over time.

The real debt problem is that, in a mere two years, Democrats have taken more than 4% of annual U.S. national output from the private economy and handed it to the government. Politicians do not typically make wiser investment choices than people investing their own money to make a profit. This is a misallocation of resources that is sure to reduce growth and private income over time. This is the real root of America's emerging debt problem, and what has to be reversed.

Blaming Bank of America

The bank bailouts of the last two years have been "about as popular as a root canal," as President Obama noted in his State of the Union address. This means somebody has to take the blame, and the politicians have nominated the bankers—which certainly beats self-reflection.

So it was probably inevitable that New York Attorney General Andrew Cuomo would file civil fraud charges against Bank of America, its former CEO Ken Lewis, and its former CFO Joe Price, as he did last week. Everyone assumes Mr. Cuomo is running for governor this year, and BofA is conveniently based in Charlotte, not Wall Street.

Associated Press

Former Bank of America CEO Ken Lewis: Thank him instead of suing him.

You will remember BofA as the bank that won high-fives from the political class for stepping into the breach to buy a failing Countrywide Financial and, later, a teetering Merrill Lynch amid the financial panic of 2008. But now that the crisis has passed and the voters are still mad, the bank's shareholders and employees are more useful as political javelin-catchers.

Mr. Cuomo accuses the bank and two men of "duping shareholders and the federal government in order to complete a merger with Merrill Lynch." In charging the executives, Mr. Cuomo has dusted off the 1921 Martin Act, the favorite tool of his predecessor Eliot Spitzer.

This allows a prosecutor to bring a case without proving any intent to defraud, which in most places means there was no crime. The Martin Act is a prosecutorial bludgeon that forces most defendants to settle out of court rather than risk being convicted merely for having been wrong on some facts.

The AG's charges are certainly creative in that they get the bank executives coming and going: "Bank of America's management intentionally failed to disclose massive losses at Merrill so that shareholders would vote to approve the merger. Once the deal was approved, Bank of America's management manipulated the federal government into saving the deal with billions in taxpayer funds by falsely claiming that they would back out of the deal without bailout funds."

Essentially, Mr. Cuomo says that senior BofA executives knew Merrill would lose $16 billion in the fourth quarter and failed to tell shareholders before a vote on December 5, 2008. Our sources say BofA estimated the after-tax losses at $9 billion before the vote, which was within the range of what Merrill had been losing in recent quarters. Either one or the other of these claims is right, and we'd like to see Mr. Cuomo's evidence.

As December wore on, the loss estimates for Merrill continued to rise, and Merrill's troubles were exceeding those suffered by competitors. This meant that BofA had a potential claim under its merger deal to terminate the agreement. When Mr. Lewis told Treasury Secretary Hank Paulson and Federal Reserve Chairman Ben Bernanke that he was considering invoking this clause and scotching the deal, they insisted he buy the faltering trading house and later announced an additional taxpayer investment in BofA to allow the bank to digest Merrill. Mr. Lewis swallowed hard and went ahead with the merger.

Mr. Cuomo now says this was all a bluff by Mr. Lewis in order to trick the regulators into providing more TARP money. Never mind that Mr. Lewis had a contractual right to pull out of the deal if he felt material facts had changed. And never mind that TARP was a gilded straitjacket that every bank, including BofA, wanted to flee as quickly as possible.

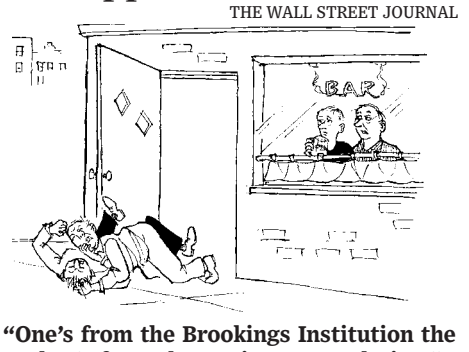
Mr. Cuomo's logic boils down to this: Mr. Lewis is guilty for not telling his shareholders about rising losses at Merrill, but he's also guilty for trying to protect his shareholders from the rising losses at Merrill.

The government can't prove any of this hurt taxpayers, because BofA has since repaid its TARP money with interest. Mr. Cuomo will also have a hard time demonstrating harm to BofA shareholders because Merrill's investment bank has since churned out profits for the bank.

The only possible claim would seem to be that BofA could have fought for a lower price in buying Merrill, but then trying to do that is part of the reason the bank is getting sued. In any case, Messrs. Paulson and Bernanke were threatening to fire Mr. Lewis if he didn't buy Merrill at the price shareholders had approved. On the public evidence so far, Mr. Cuomo should be thanking Mr. Lewis, not suing him.

Pepper . . . and Salt

THE WALL STREET JOURNAL



"One's from the Brookings Institution the other's from the Heritage Foundation."

OPINION

'A Wasted Opportunity'

[The Journal Interview with Angela Braly]

By Joseph Rago

New York

Angela Braly is in good spirits considering that her company seems to have narrowly avoided being converted into a public utility, if not destroyed outright. One gets the sense that she's *always* in good spirits. After years of sustained political assault, the power of positive thinking probably helps.

Mrs. Braly is the CEO and president of WellPoint, the largest U.S. commercial health insurer by membership. Her company's affiliated health plans in 14 states cover 34 million people—or roughly one out of nine Americans. It contracts with 82% of the nation's primary-care physicians, 84% of specialists and 94% of hospitals. That scale lands her on the most-wanted list in President Obama's Washington, though it's tough to imagine a less likely villain than the very Midwestern Mrs. Braly.

WellPoint's CEO on ObamaCare's mistakes and how to pick up the political pieces.

"It's just not clear where we go from here," says the highest ranking woman in the Fortune 500, sounding as astonished as anyone about Scott Brown's victory. Merely days before this interview in WellPoint's lower Manhattan offices at the edge of Ground Zero, Massachusetts voters effectively sent ObamaCare to its own death panel. The reflexive liberal response was to castigate the likes of Mrs. Braly. "I mean, to be fair, the status quo is working for the insurance industry, but it's not working for the American people," Mr. Obama said recently.

To *actually* be fair, the insurance industry was a cheerleader for the plan, at least until the policy substance congealed sometime in September. "Obviously, we've been involved in this discussion for a while—more than a year—and if you think about it we came to the table early, early on and said we're going to be advocates for responsible, sustainable health-care reform done right," Mrs. Braly says. "We really do have to get at the underlying question of health-care costs."

That was the core promise of ObamaCare. Overall health costs for people insured by WellPoint increased by 8.9% in 2009 alone, and arresting this climb was the reason so many industry groups, not only the insurers, joined with the White House and Democrats. Nobody thinks the status quo is a success. But as Mrs. Braly notes ruefully, "The nature of health care is very complex, and sometimes the nature of politics is very simple."

The tragedy, as she sees it, is what "a wasted opportunity" it all turned out to be. "Health-care reform" soon became "health-insurance reform" exclusively. "It was a pivot that was—unfortunate," she says, "because it is not going to solve the longer-term problem."

* * *

It's hard to see how WellPoint could be to blame for surging health spending, Mrs. Braly says, when 85 cents out of every premium dollar or more "is paid out in the actual cost of care, doctors, hospitals, suppliers, drugs, devices." Confiscating the 2009 profits of the entire insurance industry would pay for two days of U.S. health care.

ObamaCare would have standardized benefits and then severed the connection between the prices insurers are allowed to charge and the true costs of health care. Insurers would have to offer coverage to anyone who applied regardless of health risks or pre-existing conditions—a rule that is known as "guaranteed issue"—and would not be allowed to vary premiums among customers except within very limited bands. Everyone would then be compelled to purchase coverage.

Mrs. Braly still believes insurers "could make [this system] work from an affordability point of view," but only if these rules are realistically designed and there is "a meaningful requirement that people join in the pool." She argues that the bill Congress was on the brink of passing would merely have ensured higher insurance costs.

"People won't buy insurance until they're sick," she explains. "If you can call on your way to the hospital and get coverage, it's not really insurance at that point." Thus "prices go up and the number of covered people goes down."

Such destruction wouldn't even qualify as an unintended consequence, considering that state governments have plenty of experience blowing up the insurance markets. "Look at New York," Mrs. Braly says. "Look at Maine. Look at what's going on in Massachusetts right now. Look at what happened in the '90s in Kentucky."

Take those states in turn. "In Maine, where guaranteed issue went into effect in 1993, there were 11 carriers in the individual market, and now there are two: Us, and another company that would not be called in any circle an equivalent health insurance company." In Kentucky, 45 insurers fled the state, with WellPoint the last one standing, until the state started in 1998 to repeal most of these regulations.

Depending on the plan, WellPoint's monthly premium for a 20-year-old in Indianapolis, where the company is based, ranges from $53 to $202. But the same young adult looking for similar coverage in Albany would face costs anywhere between $832 and $1,047. Obviously health costs vary across the country, Mrs. Braly says, but these disparities are almost entirely due to New York's regulatory mandates. In a state with 19 million people, 88 New Yorkers between the ages of 18 and 24—88!—have bought WellPoint's best-selling individual insurance product because insurance laws make it perfectly rational not to acquire costly coverage until people need it.

* * *

This scheme would have been, and might still be, imposed on the rest of the country. At the request of several congressmen last year, including some Democrats, WellPoint mined its own actuarial data to model ObamaCare and found that it would as much as triple premiums for the small businesses and individuals who are most of the company's customers. The

Terry Shoffner

White House political shop promptly compared WellPoint to a tobacco company.

But wasn't this fracas predictable? In other words, given the state regulatory experience, not to mention the ideological inclinations of the Democratic Party, was it really politically wise for the industry to embrace ObamaCare?

Mrs. Braly concedes that it was "a risky move, but our decision, and I think it was the right one, and it was a bold one, was to ask how can we best serve our customers. Can we lower prices for our customers, can they get better service and better value? The answer is: Yes. . . ."

"We've been a heavily regulated industry for as long as I've been part of health care," she continues. Frankly, health care and politics are "inextricably intertwined." Mrs. Braly notes, too, that the government on its own is largely incapable of "navigating through the health-care system, coordinating the very uncoordinated parts of the health-care system." In fact, Medicare hired WellPoint to run some $97 billion in traditional fee-for-service benefits in 2008, or more than one-fifth of the program's total budget that year.

Mrs. Braly concedes that some people with pre-existing conditions can find it difficult to find affordable coverage, especially if they lose their job, get divorced, move, etc. "It's when people have no option that we're really in trouble and need to find a solution," she says. But a better alternative to central insurance planning is public-private partnerships to create insurance pools for those with high risks. "That was a great idea that got pushed aside, and I think we need to revisit that concept."

Mrs. Braly suggests that the industry gambled politically in part because the cost problem seems so insoluble, and that the hand of the industry was forced because the market clout of doctors and hospitals is making it increasingly difficult to contain health costs. "Is there competition in the underlying delivery system," she asks, "and is that lack of competition potentially driving up costs? . . . People have been talking about competition among insurers, and what they really need to be talking about is competition in the delivery of health care as well."

Realistically, it's not as if there's a market that sets health prices. Instead, they're negotiated between providers and health plans. Perhaps the doctors and hospitals who were largely exempted from the tepid cost-control provisions in ObamaCare shouldn't have been.

"We know there's a lot of redundancy, a lot of waste," she says. "If we have a contentious discussion with a major hospital system that people want to have access to," Mrs. Braly explains, and WellPoint doesn't meet its asking price, "then the question is what do you do about that access?"

"Hospitals come in and ask for major increases," she says. "They come in and say, you know, we need a 40% increase. It would blow your mind, the difference we start with in some of these negotiations. . . . Why does that procedure cost $10,000 in this place and down the street it costs $1,000—and when the hospital that's getting paid $10,000 is asking for a 40% rate increase, you have to say, why?"

* * *

As Mrs. Braly diagnoses the U.S. health-care system, its two main strengths are (a) choice and flexibility and (b) cutting-edge treatments and procedures. But while American medicine has been shaped by specialization, scientific advancements and major technological breakthroughs, it is paradoxically antiquated. The modern managerial and corporate practices for obtaining better productivity and quality that have revolutionized every other sector of the economy have largely passed over medicine. "Remember, for the most part, for providers of health care, it's a cottage industry," she says.

The reason costs are rising so fast, Mrs. Braly says, is because the way the health-care market is structured doesn't give providers reason to control costs. The solution is to "reintroduce the consumer to the health-care equation," and on that front, she believes, insurers "are actually the part of the health-care delivery system that is there to create the value."

Mrs. Braly thinks patients will make more cost-conscious decisions if they have the incentives and the tools—namely, the information about cost and quality that is the basis of any ordinary market. "Data just sitting there is not helpful, and its got to be meaningful, provided to the doctor and the patient in a meaningful way," she says. Far from simply being a bill-paying outfit or a hedge against risk, she sees WellPoint's fundamental role as making "the health dollar more valuable, less wasteful, more efficient."

WellPoint is an industry leader in data analytics; Mrs. Braly uses the example of knee surgery: Before the procedure, the company tells the patient which hospitals perform the most surgeries, which ones have the best medical outcomes, and where the costs are lowest. Ultimately this sort of prudent purchasing is the only durable way to lower health spending.

The White House had a different agenda, and Mrs. Braly says the controversy over ObamaCare should come as no surprise. "This is the most personal thing you can deal with. . . . Not only do we come to it and say we need the right solution, the right process, the right information, the right business model, but this is about *my life*," she says. "It's about what we value as people."

Mr. Rago is a senior editorial page writer at The Journal.

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*
Published since 1889 by
DOW JONES AND COMPANY

© 2010 Dow Jones & Company. All Rights Reserved

DOWJONES
A News Corporation Company

OPINION

Beijing's Property-Price Dilemma

By Geng Xiao

Average prices for urban residential property in China have increased to $523 per square meter ($48.59 per square foot) in 2008 from $111 in 1991, or about 9% annually. Throughout this period, there have been warnings that sustained investment and speculation could lead to a boom and bust—especially given uncertain government policy. But before policy makers can fix the problem, they have to understand what has gone wrong.

In the long run, China's economic growth will inevitably drive prices higher. A property's value is the present discounted value of the rents it can generate in the future. Since rents are impossible to predict with certainty, markets guess based on assumptions about future economic development. The urbanization rate—one proxy for China's level of productivity since industrial activity is concentrated in cities—is only around 46% now, so productivity growth will likely continue for another decade or more.

Inflation expectations are another factor pushing prices higher. Investors view property as a hedge against rising prices, so the worse inflation expectations are, the more investors will pay for "insurance." However, this demand drives property prices beyond the inflation trend if supply cannot keep pace with demand. Policy makers have contributed to that excess demand by keeping bank deposit rates near zero, which has made property a better outlet for household savings for the past two decades. The situation will worsen if the central bank fails to raise deposit interest rates fast enough if inflation picks up.

Finally, actual and expected currency appreciation has encouraged overseas Chinese to bet on property in major mainland cities. Not only do these properties seem to be on an upward trend, but yuan appreciation further boosts returns in dollar terms. Real estate-related investment accounted for 10% to 15% of China's foreign direct investment between 2006 and 2009. The ownership of high-end residential real estate by foreigners and overseas Chinese in big cities was around 20%, by some estimates.

Bolder action—including increasing the interest rate on deposits—is needed to keep a bubble from forming.

Preventing a property bubble will be difficult in the face of these trends. When the government tried to control the real-estate boom around 2005, it restricted both high-end property supply and demand. The State Council asked all new residential development projects in May 2006 to allocate 70% of their floor space to flats smaller than 90 square meters to reduce the number of luxury flats. In July 2006, it also restricted the investment on residential property by foreign investors and overseas Chinese, allowing them to buy only one property to live in themselves. But total demand remained strong and pushed up prices. Reducing supply is easier than cutting market demand.

Efforts to boost supply at the lower end of the property spectrum might help. High-end property is concentrated only in major cities such as Shenzhen, Shanghai and Beijing. These cities have relatively high per-capita income, rapidly modernizing city infrastructure and particularly large concentrations of non-local and cash-rich residents and enterprises. The price for luxury property in these cities is high compared to the incomes of local residents, but is still 30% to 50% below those in cities such as Hong Kong, Tokyo, London and New York. The convergence of prices for high-end residential and commercial property among these cities means local residents with much lower wages can no longer afford to buy a decent home.

Few developers, however, are enthusiastic about building low-price housing without heavy subsidies. So central and local governments have subsidized lending rates, rolled out administrative controls and tax rules and lowered down-payment requirements while increasing taxes on luxury development. The goal is to shift construction away from bubble-prone, high-end projects. Though these policies create some cases of inefficiency, corruption and uncertainty about future property prices, recently they have started to cool down property markets.

Yet that alone will not be enough to prevent a serious bubble. Investors and speculators are still betting on an upward trend in property prices. They know neither the central nor local governments want a collapse of property markets; about one-third of local government revenues come from land sales, and property development is regarded as a pillar of the economy. Recent macro statistics also reflect a high probability that consumer-price inflation will be as high as 5% in coming years. Moreover, given the Federal Reserve's zero interest rate policy, Chinese authorities are likely to be cautious in raising their interest rate or the value of yuan, to avoid attracting speculative inflows of overseas money. This means China is likely to experience a low or even negative real interest rate for the next few years, reinforcing property's appeal as an investment.

Policy makers can't put off dealing with the drivers for property demand and the low interest rate. Authorities need to balance strong domestic demand-driven growth fueled by cheaper credit and potential property, and stock market bubbles if credit becomes too cheap. The key is to raise the interest rate to deter domestic speculative forces while managing cross-border capital flows so they are invested in more efficient projects outside property speculation and stock markets.

Mr. Xiao is Senior Fellow at the Brookings Institution and Director of the Brookings-Tsinghua Center in Beijing.

Shortcut To Job Creation

By Frederick W. Smith

America needs more jobs. To get them, we need business to increase capital investment. This is especially true for well-paying industrial jobs in capital-intensive industries. The best way to do that is to let all businesses, large and small, significantly accelerate depreciation of their capital purchases.

Some of the current proposals, such as public infrastructure investment, tax credits to firms hiring new workers, and increased loans to small business, have merit. But if President Obama and Congress are serious about creating more, good jobs in America, they should come together in support of an economic tool that has proven its success dating back more than half a century to the Eisenhower administration. Increasing business investment at a time when the economy is still uncertain should be a key element of the jobs program.

Over the past 60 years, there's been an exceedingly strong correlation between domestic job growth and business investment. History is clear: If we want to create jobs, we need businesses—large and small—to increase capital investment.

Last year the president and Congress included a one-year extension of accelerated depreciation provisions in the American Reinvestment and Recovery Act. That doubled the amount of capital equipment purchases that small businesses can expense and allowed larger businesses to deduct 50% in the first year. Two months ago, the president asked Congress to extend those provisions for another year, through the end of 2010. At a minimum, he should ask for a seamless extension of the current provisions for two or three years to allow appropriate planning by businesses.

Economists have rated accelerated depreciation one of the most productive economic stimulus initiatives of our time. In a 2001 analysis, the Institute for Policy Innovation estimated that every $1 of tax cuts devoted to accelerated depreciation generates about $9 of GDP growth.

In the longer term, U.S. tax reform is imperative. A materially lower corporate income tax rate and a provision for full, permanent expensing of capital expenditures are essential for the reindustrialization of America. But those are topics for another day. For now, if the president and Congress are serious about creating jobs, they must ensure accelerated depreciation provisions are extended.

Mr. Smith is chairman, president and CEO of FedEx Corp.

Why Antagonize China?

By George Gilder

While attempting to appease a long list of utterly unappeasable foes—Iran, North Korea, Hamas, Hezbollah, and even Hugo Chávez—today the U.S. treats China, perhaps our most crucial economic partner, as an adversary because it defies us on global warming, dollar devaluation, and Internet policy.

It started last June in Beijing when U.S. Treasury Secretary Timothy Geithner lectured Chinese Premier Wen Jiabao, who recoiled like a man cornered by a crank at a cocktail party. Mr. Geithner was haranguing the Chinese on two highly questionable themes: the need to suppress energy output in the name of global warming—a subject on which Mr. Geithner has no expertise—and the need for a Chinese dollar devaluation, on which one can scarcely imagine that he can persuade Chinese holders of a trillion dollars of reserves. Last week in a meeting with Senate Democrats, President Obama continued to fret about the dollar being too strong against the yuan at a time when most of the world's investors fear that the Chinese will act on his words and crash the dollar.

Meanwhile, Secretary of State Hillary Clinton and the president's friends at Google are hectoring China on Internet policy. Although commanding twice as many Internet users as we do, China originates fewer viruses and scams than does the U.S. and with Taiwan produces comparable amounts of Internet gear. As an authoritarian regime, it obviously will not be amenable to an open and anonymous net regime. Protecting information on the Internet is a responsibility of U.S. corporations and their security tools, not the State Department.

Yes, the Chinese are needlessly aggressive in missile deployments against Taiwan, but there is absolutely no prospect of a successful U.S. defense of that country. Sending them $6 billion of new weapons is a needless provocation against China that does nothing valuable for the defense of the U.S. or Taiwan. Yes, the Chinese have also spurned America's quixotic effort to herd the gangs of anti-Semitic, anti-American oil-dependent felines at the United Nations to undertake an effective program of economic sanctions against Iran.

A foreign policy of serious people at a time of crisis will recognize that the current Chinese regime is the best we can expect from that country. The Chinese revitalization of Asian capitalism remains the most important positive event in the world in the last 30 years. Not only did it release a billion people from penury and oppression but it transformed China from a communist enemy of the U.S. into a now indispensable capitalist partner. It is ironic that liberals who once welcomed appeasement of the monstrous regime of Mao Zedong now become openly bellicose at various murky incidents of Internet hacking.

Associated Press

U.S. Treasury Secretary Tim Geithner and Chinese Premier Wen Jiabao

Nonetheless, with millions of Islamists on its borders and within them, China is nearly as threatened by radical Islam as we are. China has a huge stake in the global capitalist economy that Islamic terrorists aim to overthrow. And China, like the U.S., is so heavily dependent on Taiwanese manufacturing skills and so intertwined with Taiwan's industry that China's military threat to the island is mostly theater.

Although some Taiwanese politicians still dream of permanent independence, Taiwan's world-beating entrepreneurs have long since laid their bets on links to the mainland. Two-thirds of Taiwanese companies, some 10,000, have made significant investments in China over the last five years, totaling some $200 billion. Three-quarters of a million Taiwanese reside in China for more than 180 days a year.

With Taiwan, greater China is the world's leading actual manufacturer and assembler of microchips, computers and network equipment on which the Internet subsists. Virtually all U.S. advanced electronics, as eminent chemist Arthur Robinson reported last month in his newsletter Access to Energy, are dependent on rare earth elements used to enhance the performance of microchips and held in a near global monopoly by the Chinese firm Baotou Steel Rare-Earth Hi-Tech Company in Mongolia.

The U.S. is as dependent on China for its economic and military health and economic growth as China is dependent on the U.S. for its key markets, reserve finance, and global capitalist trading regime.

It is self-destructive folly to sacrifice this core synergy at the heart of global capitalism in order to gain concessions on global warming, dollar weakening or Internet politics.

How many enemies do we need?

Mr. Gilder is a founder of the Discovery Institute and author of "The Israel Test" (Richard Vigilante Books, 2009).

Comments? The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

IN DEPTH

Akio Toyoda bowing at a press conference.

Photo Illustration by WSJ; AFP/Getty Images (Toyoda)

A crisis made in Japan: What Toyota's woes mean for nation

The car maker's botched response to its problems has deep roots in the country's legal system, corporate tradition

[Essay]

By Jeff Kingston

In Japan there is a proverb, "If it stinks, put a lid on it." Alas, this seems to have been Toyota's approach to its burgeoning safety crisis, initially denying, minimizing and mitigating the problems involving brakes that don't brake and accelerators that have a mind of their own. President Akio Toyoda, grandson of the founder, was MIA for two weeks and the company has appeared less than forthcoming about critical safety issues, risking the trust of its customers world-wide.

This has been a public-relations nightmare for Toyota, as its brand name has been synonymous with quality and reliability. Crisis management does not get any more woeful than this and the cost of this bungling so far—the initial $2 billion recall and the loss of 17% of share value since Jan. 21, when the gas-pedal recall was announced—is only a down payment on the final tally. The recall will surely expand, including cars produced in Japan. Lawsuits are being filed and an expensive settlement looms. And then there are the idle factories and empty showrooms to account for.

It is not surprising that Toyota's response has been dilatory and inept, because crisis management in Japan is grossly undeveloped. Over the past two decades, I cannot think of one instance where a Japanese company has done a good job managing a crisis. The pattern is all too familiar, typically involving slow initial response, minimizing the problem, foot dragging on the product recall, poor communication with the public about the problem and too little compassion and concern for consumers adversely affected by the product. Whether it's exploding televisions, fire-prone appliances, tainted milk or false labeling, in case after case companies have shortchanged their customers by shirking responsibility until the accumulated evidence forces belated disclosure and recognition of culpability.

The costs of such negligence are low in Japan where compensation for product liability claims is mostly derisory or non-existent.

One glowing exception to this parsimonious record is the saga involving pharmaceutical companies that kept selling tainted blood products to hemophiliacs that left many of them infected with HIV in the 1980s. The government was aware of the issue and failed to stop this avoidable public health crisis. After years of denial, the current finance minister, Naoto Kan, who was health minister in 1994, revealed documents showing that the government allowed the companies to continue selling the bad blood so that they would not lose market share to foreign companies selling safe blood products. In doing so he paved the way for a relatively generous settlement and an abject apology by drug company executives, collectively on hands and knees touching their noses to the floor in demonstrating their contrition to victims.

Usually, however, producer interests trump consumer safety.

Japanese firms often seek to cover up or fudge the facts and the people communicating with the media and public often do not have the information they need to do their job. The absence of a structure to quickly get accurate information to top management hampers an accurate and adequate response. That leaves management unprepared to deal with media questioning and conveys an image of stonewalling and indifference.

There is a cultural element to this penchant for mismanaging crisis. The shame and embarrassment of owning up to product defects in a nation obsessed with craftsmanship and quality raises the bar on disclosure and assuming responsibility. And a high-status company like Toyota has much to lose since its corporate face is at stake. The shame of producing defective cars is supposed to be other firms' problems, not Toyota's, and the ongoing PR disaster reveals just how unprepared the company is for crisis management and how embar-

IN DEPTH

Toyota's 2010 Prius hybrid cars. Prius is a critical model driving sales for Toyota, and questions about its braking system and other safety defects linger.

rassed it is. In addition, employees' identities are closely tied to their company's image, and loyalty to the firm overrides concerns about consumers.

There is also a culture of deference inside corporations that makes it hard for those lower in the hierarchy to question their superiors or inform them about problems. The focus on consensus and group is an asset in building teamwork, but also can make it hard to challenge what has been decided or designed. Such cultural inclinations are not unknown elsewhere around the world, but they are exceptionally powerful within Japanese corporate culture and constitute significant impediments to averting and responding to a crisis.

This crisis offers an opportunity to reform Toyota's corporate culture and improve quality assurance. This can be done by becoming more focused on the customer, using two-way flow of information and feedback; improving corporate governance by appointing independent outside directors; and making risk management more than an afterthought. It is not too late to turn the situation around, but this means shedding the constraints of a fusty corporate culture and wowing customers with a recall and above-and-beyond after-sales service and care. Yet early signs are that Toyota is no longer the nimble company that took the world by storm over the past half-century.

When Mr. Toyoda took the helm in mid-2009 he was unable to express a reassuring sense of how he would deal with his company's problems of overcapacity as well as the need to diversify away from reliance on the U.S. market and build its presence in China, India and Brazil. A string of successes, most notably the Prius, may have made the juggernaut a bit complacent, losing the edge that helped it surge since the 1970s by being ahead of the curve on fuel efficiency and top of the class on reliability. Regaining that edge and repositioning the company to tap into growing markets promises to be a difficult transition.

The Japan Inc. model of cooperative and collusive relations between the business and the government delivered the economic miracle, but has run out of steam. Japan's Lost Decade of the 1990s is entering its third decade, discrediting the powers that be.

Voters threw the long-ruling conservative Liberal Democratic Party out of office last year and have warmed to the Democratic Party of Japan's attacks on those in power and their extensive influence.

The public wants fresh thinking about Japan's staggering problems ranging from its rapidly growing disparities, high poverty rate (above 15%), youth unemployment and marginal employment, and a low birthrate attributed to a family-unfriendly environment. But the DPJ has lost traction, caught up in money scandals reminiscent of the venal era of LDP rule. Prime Minister Yukio Hatoyama faces demands for more transparency and accountability, a yearning that also extends to the corporate world.

With Japan Airlines filing for bankruptcy, a public debt-to-GDP ratio reaching 200%, troubles brewing with the U.S. alliance, and even the sumo world sullied by the controversial retirement of a Mongolian grand champion, Toyota's woes add to the staggering 2010 misery index. National self-confidence has been flagging for some time, but amidst the prolonged malaise, people could still bask in the success of national champions such as Toyota. No other company better represented manufacturing prowess than Toyota and its troubles are an unpleasant surprise.

> The shame and embarrassment of owning up to product defects in a nation obsessed with craftsmanship and quality raises the bar on disclosure. And a high-status company like Toyota has much to lose since its corporate face is at stake.

Americans used to say that what is good for General Motors is good for the country and what is good for the country is good for GM, highlighting the prominence of American car culture and how public and private interests were conflated. Now that Toyota has many factories, employees, suppliers and dealers in the U.S., it's worth recalling that mutual interests are at stake in rectifying these safety problems and putting Toyota back on track.

In Japan, the media has taken something of a minimalist approach to this story. Here on its home turf, Toyota seems to have been much more successful in managing the news than it has been in the U.S. and both the media and government have been more circumspect. On Friday, however, the outspoken transport minister, Seiji Maehara, pointedly said that Toyota had denied there is a problem and in his view the company was insufficiently sensitive to consumer complaints. Yet unlike his American counterparts, he has not authorized an inquiry into the safety defects.

Also on Friday, Mr. Toyoda finally held a press conference, two long weeks since the U.S. gas pedal safety recall was announced. At the conference, Mr. Toyoda tried to rescue the situation by apologizing for the inconvenience to customers around the world. The company ascribes the alleged brake problems to customers misunderstanding the feeling of the ABS braking system and says that only the 2009 model Prius is involved. Since January, the company has fixed the software so that the ABS responds more quickly.

This press conference was an unsuccessful attempt to reassure customers and blunt the impact of hearings scheduled for Wednesday in the U.S. Clearly, Toyota is trying to avoid a safety recall in Japan and is lobbying the government to permit a voluntary repair program that involves less stigma and cost.

The company's insistence that there is no defect, just a software glitch, rings hollow and does little to regain trust and restore confidence. Prius is a critical model driving sales for Toyota and questions about its braking system and other safety defects linger.

Initially, the safety defects were portrayed as a made-in-America problem, but now the design defects have hit home, raising new questions about Toyota's famous quality control circles. Had this story not come out in the U.S. it is doubtful whether Toyota would have even considered a recall at home. But now, as international coverage of quality problems expand, the domestic media here have their backs covered and are likely to start asking some of the same questions and raising some of the same issues, if more politely.

Much is at stake for the company and the nation as Toyota tries to restore its reputation. There have been an alarming number of cases in recent years in which Japanese products have not met the high quality standards that the world and its own people expect of it. In some quarters this is seen as a barometer of a nation in decline, one that is adrift and slipping.

Japan can ill-afford complacency about the quality of its products and stagnant productivity especially given its demographic time-bomb. A population that is aging and declining at the same time is one that needs to do more with less. It needs to raise added value and per capita output to support a growing elderly population and its pension and medical care needs. And this means keeping up with competitors such as South Korea, which are ready to displace Japan wherever it falters.

A resurgent Toyota is a good-news scenario that can mean a lot to the battered national psyche and help restore Japan's reputation as a manufacturing powerhouse where the attention to detail is a hallmark rather than a question mark. Here is betting that Toyota will turn this around, reinvigorating its fortunes and inspiring a nation badly in need of inspiration.

Jeff Kingston is director of Asian Studies at Temple University Japan. His book "Contemporary Japan: History, Politics and Social Change" is due out in September.

When things went wrong

Companies in Japan have often struggled with crisis management. A sampling of public troubles from the past decade.

TV sets

In 2000, Mitsubishi Electric recalled 45,000 television sets in Japan due to the possibility that they could overheat and catch fire. The company said it had known about the problem for at least eight years. Mitsubishi executive Fumio Okusa, above, attended the press conference.

Washing machines

Sharp announced in 2007 that it would provide free repairs for more than 500,000 washing machines in Japan produced since 1998 because of a fire hazard.

Milk

Snow Brand Milk Products had to issue recalls in 2000 after more than 14,000 people were sickened by its tainted milk. The company eventually dispatched 2,000 of its employees to apologize to each of the victims.

Ground beef

In June 2007, Minoru Tanaka, president of Meat Hope Co., apologized at a news conference for possibly shipping a mixture of beef and pork to companies with the label "ground beef."

(Clockwise from top left) Bloomberg/Getty Images; AFP/Newscom; Kyodo News/Associated Press; Kyodo News/Newscom (2)

FROM PAGE ONE

Singapore issues its first casino license

Continued from first page

broader property is finished. Last month, Genting opened four luxury hotels at its project and has been giving private tours of its casino floor, which has been fitted out in anticipation of the license approval.

The company has long hoped to launch its casino operations ahead of the Chinese New Year holiday, which begins on Feb. 14 and is a time when many people in the region will be traveling or on holiday. The company has booked Stefanie Sun, the city's best-known homegrown pop singer, for Feb. 16.

The centerpiece of Resorts World's family-oriented attractions, a large Universal Studios theme park, is also expected to open.

The timing of gambling's arrival in Singapore could prove to be lucky, both for Singapore and for the global gambling industry. Growth prospects remain uncertain in Las Vegas and across the U.S., while policy uncertainties continue to hover over Macau, the Chinese enclave that delivered most of the industry's revenue growth since 2002.

In this environment, Singapore's casinos could open a big untapped market in Southeast Asia—a fast-growing region of 600 million people—and in doing so help Asia further eclipse the U.S.-based gambling industry.

In recent years, the city-state has emerged as a playground for the global rich and famous, many of them foreign permanent residents from the Middle East, India, Russia and the West.

J.P. Morgan estimates Las Vegas Sand's venture could generate annual revenues of $2.6 billion by 2011, making the Singapore casino the biggest earner in the world, with more than twice the combined revenues of its Las Vegas properties.

But much will depend on whether Singapore's neighbors—including Indians, Indonesians and Malaysians—will spend as much as the Chinese, who stampeded Sands Macau when it opened in 2004 and wager average bets of $100, five times that of a typical Las Vegas punter.

Associated Press

Visitors walk under a dome structure leading out from Singapore's first casino-resort, which partially opened last month.

It is unclear how much Singapore's entry into the casino market will eat into business in Macau, currently the world's largest gambling market.

Analysts generally expect the impact to be muted, since Macau draws most of its business from the nearby mainland Chinese. Singapore's gambling regulators are also imposing stringent disclosure requirements on so-called "junket operators," the intermediaries who have played such an important role in turning Macau into a gambling center.

Under Singapore's rules, junket operators—which bring high-rolling gamblers to casinos, supply them with credit and collect on gambling debts—must subject themselves to background checks and fingerprinting.

Even high-rollers must submit personal details to authorities, potentially dampening interest in the high-end segment.

The measures are a response to long-time concerns in Singapore about the dangers of bringing casinos to the conservative city-state, which spent decades cultivating an image free from corruption and vice. Prime Minister Lee Hsien Loong formally announced the introduction of gambling in Singapore about five years ago, and the government eventually chose Las Vegas Sands and Malaysia's Genting Group to run "integrated resorts" in a state-protected duopoly.

But Singapore, which famously banned the sale of chewing gum as part of a broader attempt to build a clean society, has gone the extra mile to ensure that gambling doesn't bring other vices along with it. In addition to the entry fee for local patrons, family members who think their relatives have a gambling problem can apply to the National Council on Problem Gambling to have them banned—the first time any jurisdiction has allowed this.

—Tom Wright contributed to this article.

TECHNOLOGY

T-Mobile's owner weighs spinoff in U.S.

By Jeffrey McCracken And Dana Cimilluca

The owner of T-Mobile USA, the fourth-largest U.S. wireless provider, is exploring an initial public offering or spinoff of the business, according to people familiar with the matter, as it seeks ways to jump-start the carrier and assuage disenchanted shareholders.

T-Mobile's parent, German giant **Deutsche Telekom** AG, has recently held discussions with a number of banks, including **Deutsche Bank** AG, about underwriting an IPO for the unit, according to people familiar with the matter.

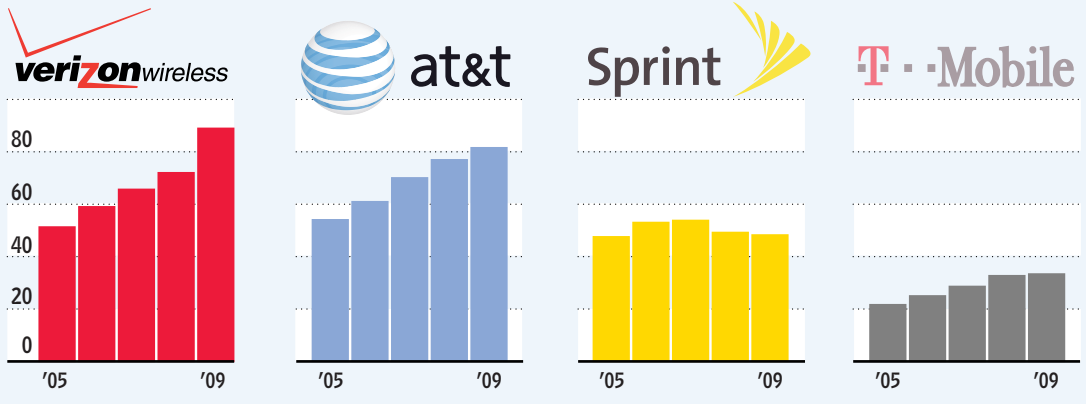
Other options under consideration, these people said, include a partial spinoff of the business, which would carve it into a separate entity with its own balance sheet.

A merger with a U.S. rival is also on the table, though less likely, said these people, as it would face regulatory and technological hurdles.

A spokesman for Deutsche Telekom declined to comment.

Despite heavy marketing and high-profile devices such as the first **Google** Inc.-based cellphone, T-Mobile USA has failed to keep pace with rivals in recent years. With about 33 million customers and annual revenue of around $19 billion, T-Mobile USA has about 14% market share, leaving it far behind **AT&T** Inc., Verizon Wireless and **Sprint Nextel** Corp.

Mixed signals | U.S. wireless subscribers, in millions



Notes: 2009 figures are through the third-quarter; Verizon and AT&T include acquisitions

Source: the companies

T-Mobile USA has languished under perceptions that its wireless network is inferior and lacks reach, analysts say, a major shortcoming as customers turn to their cellphones to surf the Internet and stream video. In the third quarter, it lost 77,000 customers.

For Deutsche Telekom, devising a strategy for the U.S. market has been a problem ever since it acquired the former VoiceStream Wireless for $35 billion in 2001 at the height of the telecom boom. Any move in the U.S. would come as the company has also announced plans to combine its struggling T-Mobile unit in the U.K. with a rival.

Deutsche Telekom is historically risk averse and the people familiar with the matter caution the company may ultimately decide against an IPO.

Deutsche Telekom has told outsiders it will hold internal meetings about the fate of T-Mobile USA and come to a conclusion in the next two months.

Deutsche Telekom generated about €7 billion ($9.7 billion) in free cash flow last year. But its ability to fund T-Mobile's infrastructure is constrained because Deutsche Telekom is under pressure from its dominant shareholder, the German government, which controls about 30% of the company.

Should Deutsche Telekom go forward, the most likely scenario would be to sell about 20% of the division to investors and retain the rest, the people familiar with the matter said.

—Matthew Karnitschnig and Roger Cheng contributed to this article.

Australia to end guarantees for bank funding, big deposits
MARKETS 26

Risky assets could still regain their poise
HEARD ON THE STREET 36

BUSINESS & FINANCE.

Monday, February 8, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

Asian banks learned from past sins

[The View From Hong Kong]

BY PETER STEIN

New debates over ways to make the global banking system a safer place are, ironically, making a lot of people nervous. But Asia's lenders are one group warranting remarkably little concern.

In the lead-up to the financial crisis, certain banks piled on too much debt and exposed themselves to excessive risk. Multiple taxpayer-funded bailouts later, regulators and politicians are turning their attention to how they can prevent the fiasco from recurring.

A draft proposal of new global standards for banking capitalization known as Basel 3 is the first serious stab at this task. Generally, it will require banks to hold more equity capital and maintain greater liquidity. There also is the Obama administration's proposal to restrict large commercial banks with a U.S. presence from engaging in significant proprietary trading and owning hedge funds or private-equity funds.

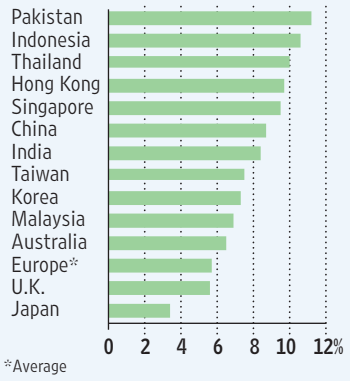
The Volcker rule, so called because of its support from former Federal Reserve Chairman Paul Volcker, faces opposition from Republicans and an uncertain future. And Basel 3 rules still could go through some changes. But already they are provoking anxiety.

As it is, the U.S. and U.K. are likely to experience a decline in

Please turn to page 26

Asia's capital advantage

Asian banks (outside Japan) fare better than their European and U.K. peers when their equity Tier 1 ratios are compared under proposed Basel 3 standards.



*Average
Source: Citigroup Global Markets

Greece's woes spook U.S.

Some fear a spillover in Europe; others say California is a greater problem for markets

BY TOM LAURICELLA

Should the woes of a country with fewer people than metropolitan Los Angeles really roil the massive U.S. financial markets?

This is a hotly debated question after worries about Greece's debt woes sparked wild swings in the U.S. stock market last week. Signs that the trouble in the Greek bond market was infecting others in Europe helped send the Dow Jones Industrial Average into a spiral Thursday and most of Friday before a late-day rebound turned the market back to positive territory.

ABREAST OF THE MARKET

For some, the bond-market woes afflicting Greece and other European countries provide real reason for worry. They argue that while the debt problems seem contained now, they can easily spread. Greece is just one of many economies today—including the U.S.—carrying hefty debt loads as a legacy of the financial crisis.

Even if sovereign-debt issues among southern European countries, Ireland and the U.K. don't flare up to a full-fledged global contagion, the wary say the result is still likely to be higher borrowing costs in Europe that would slow the economic rebound both on the continent and elsewhere around the world.

Greece "is a shot across the bow," says Henry McVey, head of global macro and asset allocation at Morgan Stanley Investment Management. Now that financial institutions have reduced debt, "investors are now focused on which governments are over-leveraged," Mr. McVey says.

Regardless of whether the reaction to Greece was warranted, last week's turmoil reflected the tenuous nature of the stock market's bullish sentiment. Investors came into 2010 generally optimistic based on expectations for a "Goldilocks" global recovery where growth improved but at the kind of slow pace that would allow interest rates to stay low.

The first snag was hit in mid-January when China moved faster than expected to restrain bank lending. Now the debt crisis in Europe, although long in the making, suddenly throws another monkey wrench into the works.

"What a couple of weeks ago looked like a perfect economic-recovery scenario has been blown out of the water," currency analysts at BNP Paribas wrote Friday.

As a result, investors last week rushed back out of risky assets, which also included commodities and corporate bonds. Meanwhile, the dollar strengthened—a negative for U.S. exporters—as investors bailed out of euros. For many investors, the destination was U.S. Treasurys.

The fears run the gamut, from a simple slowing of the economic recovery to more extreme scenarios such as a new credit crunch in Europe as banks contend with losses on big holdings of government debt or a withdrawal of countries such as Greece from the European Union. The overarching fear is contagion, that the woes in troubled economies will spread as investors rush to sell investments in more accessible but otherwise healthy markets to offset losses in places like Greece.

But for some, it is a tempest in a teapot. While not dismissing the challenge facing those countries, some say it is simply not a material problem for the U.S. markets, especially stocks. They say last week's tumult was driven by short-term hysteria about a tiny bond market to which U.S. companies, especially banks and other financials whose stocks were hard hit last week, have very little direct exposure.

Investors should instead focus on the improving U.S. economy and another round of better-than-expected corporate profit reports for the fourth quarter. If anything, the U.S. should continue to provide a safe haven for investors.

"What we're seeing is noise," says Aaron Gurwitz, head of global investment strategy for Barclays Wealth.

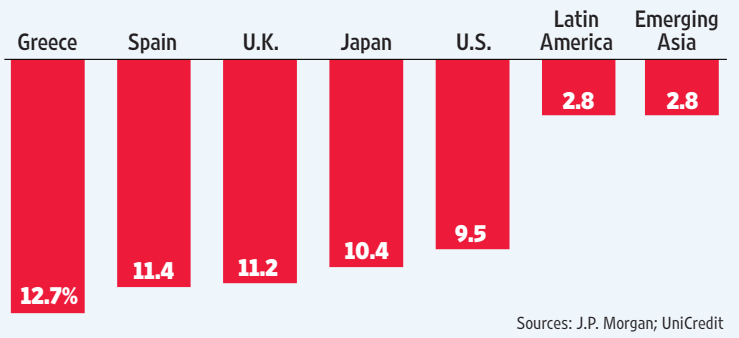
Michael O'Rourke, market strategist at broker dealer BTIG, notes that the Greek stock market's capitalization is only slightly bigger than Citigroup's. Adding together all the troubled economies in Europe, "they will equal the size of one systemic institution in the United States." Mr. O'Rourke writes. Supporting the outlook for U.S. stocks, "most S&P 500 companies have better balance sheets than most sovereigns, including the United States."

Against a backdrop of a "V"-shaped recovery in corporate

Please turn to page 26

Troubles in Europe

Expected government deficit as a percentage of GDP in 2010



Sources: J.P. Morgan; UniCredit

Deal with American gains favor at JAL

BY MARIKO SANCHANTA AND MIKE ESTERL

Japan Airlines Corp. is leaning toward maintaining its longstanding alliance with **AMR** Corp.'s American Airlines instead of teaming up with **Delta Air Lines** Inc., according to a person familiar with the matter.

American's bid to keep JAL has gained traction recently at least in part because of growing concerns a JAL-Delta partnership would trigger antitrust concerns in the U.S., added people close to the protracted tug-of-war for Asia's largest carrier.

Sticking with American would represent a reversal from just a few weeks ago, when the Japanese government was in favor of a joint venture with Delta, which leapfrogged American to become the largest U.S. carrier in 2008 after merging with Northwest Airlines.

No final decision has been made, according to people familiar with the matter. An official decision on a partner is slated to be made this week or early next week, according to Masaru Onishi, the new president of JAL.

JAL's new chairman, Kazuo Inamori, started from scratch in deciding whether Asia's biggest carrier by revenue should ally itself with Fort Worth, Texas-based American or Atlanta-based Delta in a joint venture on trans-Pacific flights, according to one person close to the deliberations.

Mr. Inamori, who took over as JAL's chairman Feb. 1, has had conversations with officials in Washington focusing on whether a Delta-JAL tie-up would receive antitrust immunity, this person added.

The Enterprise Turnaround Initiative Corp. of Japan, the quasi-governmental body that is tasked with restructuring JAL—which filed for the country's biggest nonfinancial bankruptcy protection last month—is also favoring a broader tie-up with American, this person added.

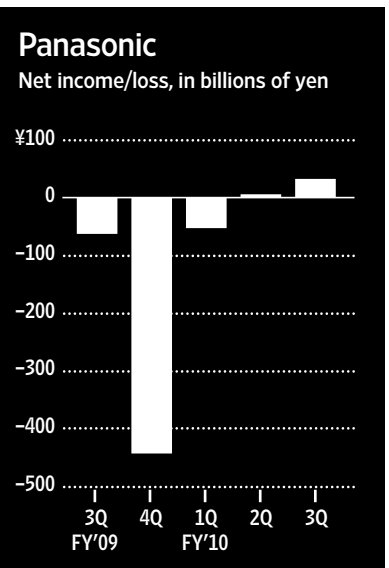
After absorbing Northwest, Delta is the largest U.S. carrier in Japan, with a market share of more than 20% on flights between Tokyo and North America. American has a much-smaller market share, despite a longstanding code-sharing alliance with JAL.

Agence France-Presse/Getty Images

American's bid to keep its alliance with JAL has gained traction.

Delta said in a statement Sunday that it "continues to be in discus-

Please turn to page 22



Note: Fiscal year ends March 31 of year shown
Source: the company; Bloomberg News (photo)

A customer looks at Panasonic "Diga" Blu-ray disc recorders at an electronics shop in Tokyo.

Sanyo to hit Panasonic's net

Purchase of majority stake will cut full-year profit, shift priorities to energy products

By Daisuke Wakabayashi

TOKYO—**Panasonic** Corp. said the acquisition of a majority stake in **Sanyo Electric** Co. will weigh on its full-year results and change its future investment priorities from flat-panel television sets to energy-related products like electric-car batteries and solar panels.

In December, Panasonic completed its 400 billion yen ($4.5 billion) acquisition of a 50.2% stake in Sanyo, the world's largest maker of rechargeable batteries by market share and a major manufacturer of solar panels, elevating its energy business to a main pillar of future revenue alongside its consumer electronics business.

The unprofitable Sanyo will initially drag on Panasonic's earnings. For the current fiscal year ending March 31, Panasonic said that Sanyo will add 10 billion yen in net loss even though it will boost revenue by 375 billion yen. Panasonic kept its full-year net loss outlook unchanged at 140 billion yen, although it said it would have narrowed the loss to 130 billion yen if not for the Sanyo deal.

"Up until now, we've focused on investing in flat-panel TVs, but we're going to shift somewhat to energy and environmental products going forward," said Makoto Uenoyama, Panasonic's finance chief.

One part of its existing energy business is a car-battery joint venture with **Toyota Motor** Corp. Panasonic holds a 20% stake in Panasonic EV Energy, which makes car batteries for Toyota's hybrid vehicles. Mr. Uenoyama said Toyota's recent troubles could spill over to Panasonic's results.

Panasonic's main electronics business has been mired in a slump, forcing it to shutter plants and cut jobs to reduce costs. Panasonic said it now expects to cut its annual fixed costs by 370 billion yen in the current fiscal year, an increase of 42% from a prior target.

Aided by cost-cutting, Panasonic returned to the black in its fiscal third quarter ended in December, with a net profit of 32.26 billion yen compared with a loss of 63.12 billion yen a year earlier. On an operating basis, profit nearly quadrupled to 101 billion yen. Revenue was up 0.4% at 1.887 trillion yen in the quarter.

Panasonic's earnings rebound comes on the heels of improving results from across the electronics industry. Samsung Electronics Co. and Sharp Corp. returned to profitability in the last three months of 2009, while Sony Corp. reported an eightfold increase in net profit and a better full-year outlook.

For the full year ending March 31, Panasonic raised its operating profit outlook to 150 billion yen from the October forecast of 120 billion yen while raising its revenue outlook 5% to 7.35 trillion yen.

Panasonic has slashed procurement costs and cut expenses to cope with declines in prices for TV sets and other consumer electronics. While the global economy has shown some signs of improvement, Panasonic hasn't seen overseas demand return to predownturn levels.

In Japan, where Panasonic gets more than half of its revenue, it has been helped in part by the government's Eco-Points stimulus program, which has encouraged consumers to buy home appliances with lower energy consumption.

Panasonic's core electronics business posted a 5% increase in sales, boosted by a 23% jump in television sales and a surge in demand for Blu-ray players.

—Juro Osawa in Tokyo contributed to this article.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

American Airlines.....19, 22
AT&T.....18
BAE Systems.....23
Bank of Baroda.....31
Bank of India.....31
Barclays.....31
BHP Billiton.....30
Blackstone Group.....18
BMW.....22
British Airways.....22
Chelsey Capital.....26
China Development Bank.....22
China National Petroleum.....21
China Petrochemical.....21
China Power International Development.....22
Chrysler.....25
Citigroup.....31
Cnooc.....21
Credit Suisse Group..31, 36
Daiichi Sankyo.....20
Daimler.....22
Daqo New Energy.....27
Delta Air Lines.....19
Deutsche Bank.....18
Deutsche Telekom.....18
Export-Import Bank of China.....22
Ford Motor.....25
Galleon Group.....26
Generac Holdings.....27
General Motors.....25
Genting Singapore.....1
Glover Park Group.....25
Goldman Sachs Group.....29
Google.....18, 27
Graham Packaging.....27
Iberia Lineas Aereas de Espana.....22
IDBI Bank.....31
International Air Transport Association.....22
Japan Airlines.....19
Jiangxi Copper.....30
JinkoSolar Holding.....27
J.P. Morgan Chase.....29
Julius Baer Group.....36
Korea Zinc.....30
Las Vegas Sands.....1
Leap Wireless International.....18
Lupin.....20
Mazda Motor.....30
Metallurgical Corp. of China.....22
MetroPCS Communications.....18
Mitsui.....30
Morgan Stanley.....26
National Aluminum.....30
Nintendo.....30
Nissan Motor.....30
Ohm Laboratories.....20
Pacific Metals.....30
Panasonic.....20
Q Capital Investment Partners LP.....26
QuinStreet.....27
Ranbaxy Laboratories.....20
Resourcehouse.....22
Rio Tinto.....30
Robinson Lerer & Montgomery.....25
Sanyo Electric.....20
Sprint Nextel.....18
Star Energy Geothermal.31
Toyota.....1, 20, 24, 25, 30
Trony Solar Holdings.....27
Tullow Oil.....21
UBS.....26, 36
Union Bank of India.....31
Volkswagen.....22
VTB Capital.....31
Woodside Petroleum.....30
Yahoo.....27

People

This index lists the names of business-people and government regulators who receive significant mention in Today's Journal.

Ahya, Chetan.....36
Ali, Salman.....36
Bakshi, R.K.....31
Balestrino, Joe.....31
Barisheff, Nick.....29
Bernhard, Wolfgang.....22
Blankfein, Lloyd.....29
Botin, Emilio.....7
Broking, Angel.....20
Brynjolfsson, John.....26
Burns, James MacGregor.....12
Bush, Nancy.....29
Cashmore, Nicholas.....36
Cohn, Gary.....29
Cooper, Josephine.....25
Dimon, James.....29
Drimal, Craig.....26
Droga, Marcus.....30
Dunleavy, Patrick.....11
Fish, Andrew.....26
Fitzgerald, Brian.....26
Foley, Brian.....29
Franklin, Erik.....26
Gaskins, Francis.....27
Geithner, Timothy.....29
Goleman, Daniel.....12
Gurwitz, Aaron.....19
Guttenberg, Mitchel S....26
Gu Wu.....4
Holmes, Ben.....27
Ho, Simon.....26
Ito, Atsushi.....31
Iwasaki, Mieko.....24
Jen, Stephen.....30
Kapadia, Ranjit.....20
Kawano, Kenro.....31
Kelder, Maarten.....4
Langheim, Thorsten.....18
Lenowitz, Mark.....26
Lim Kok Thay.....1
Lockhart, Joe.....25
Loeb, Harlan.....25
Lyngen, Ian.....31
Madoff, Andrew.....27
Madoff, Peter.....27
Madoff, Shana.....27
McVey, Henry.....19
Metzl, Jamie.....4
Nadler, Jon.....29
Nangra, Sarabjit Kour.....20
Olver, Dick.....23
Onishi, Masaru.....19
O'Rourke, Michael.....19
Palmer, Clive.....22
Panait, Cristina.....31
Papasavvas, Thanos.....30
Phillips, Judson.....11
Picard, Irving.....27
Rajaratnam, Raj.....26
Roth, Steven.....27
Sanchez, Carlos.....29
Sasaki, Shinichi.....24
Schmückle, Rainer.....22
Shulte, Paul.....26
Simpfendorfer, Ben.....4
Slaine, David R.....26
Stein, Sidney.....26
Toyoda, Akio.....1, 24
Trichet, Jean-Claude.....30
Turner, Mike.....23
Uenoyama, Makoto.....20
Vinegrad, Alan.....26
Viniar, David.....29
Walsh, Willie.....22
Xu, RuiXue.....31
Zetsche, Dieter.....22

Corrections & Amplifications

The Olympics opening-ceremony packages in the Arbitrage feature of Friday's Weekend Journal include one round-trip business-class air ticket to Vancouver, two nights in a four-star hotel (per person, double-occupancy), and, except where noted, a ticket to the ceremony. Some of these details were omitted.

U.S. agency puts heat on Ranbaxy over plants

By Rumman Ahmed

BANGALORE, India—Signs mounted that Ranbaxy Laboratories Ltd.'s U.S. regulatory troubles might not be over after the nation's health watchdog accused the drug maker of making an insufficient effort to meet manufacturing standards.

The U.S. Food and Drug Administration also wants the Indian unit of Japan's **Daiichi Sankyo** Co. to comprehensively assess its operations that supply drugs to the U.S.

The U.S. is Ranbaxy's biggest overseas market, and sales there have been flagging for more than a year because of manufacturing deficiencies at some of its plants. Analysts said any resolution of the regulatory issues is unlikely soon.

The FDA's latest observations were part of a warning letter dated Dec. 21 and sent to Ranbaxy's U.S. unit, Ohm Laboratories Inc., for violating some manufacturing practices at a plant in Gloversville, N.Y. The letter wasn't made public until it was posted on the FDA's Web site on Tuesday.

The company's shares have been under pressure since. On Friday they fell sharply after reports of the severity of the FDA's language and amid broader concerns over ballooning sovereign debt in some European countries. Ranbaxy closed down 5% in India on Friday at 404.85 rupees ($8.68).

Ranbaxy said Dec. 24 that it had received an FDA warning letter and that it would cooperate with the FDA. A company spokesman declined to comment Friday, saying he had nothing to add.

The FDA letter said that "Ranbaxy's attempts to make global corrections after past regulatory actions by the FDA have been inadequate."

"We remind you that Ranbaxy is responsible for ensuring that all Ranbaxy drug manufacturing operations comply with applicable U.S. requirements," including so-called current good-manufacturing-practices regulations, the letter said.

The December letter wasn't the first time Ranbaxy has been under FDA scrutiny. The FDA in 2006 warned about procedures at Ranbaxy's Paonta Sahib plant in India.

In 2008 the FDA banned the company from importing more than 30 generic drugs into the U.S. because of violations of some manufacturing practices at Paonta Sahib and another plant. The FDA later said the company also falsified test data at one of the plants.

Ranbaxy declined to say when it plans to resolve its issues with the FDA.

Sarabjit Kour Nangra, vice president of research at Mumbai-based Angel Broking, said his firm doesn't expect a quick resolution of Ranbaxy's regulatory problems, citing the FDA's "strongly worded letter."

Ranbaxy isn't the only Indian generic drug maker that has faced regulatory problems in the U.S.

The FDA warned **Lupin** Ltd. about deficiencies in manufacturing at a plant in central India, but the company said last month that the regulator had approved the facility after an inspection.

Cnooc to acquire Ugandan oil stake

Chinese producer expected to pay $2.5 billion to Tullow for share in its operations around Lake Albert

By Yvonne Lee And Aries Poon

HONG KONG—**Cnooc** Ltd. has agreed to buy a stake in the Ugandan oil assets of **Tullow Oil** PLC for $2.5 billion, people with direct knowledge of the deal said Friday.

The deal strengthens the foothold of Chinese companies in East Africa's energy sector. Cnooc is exploring for crude oil in neighboring Kenya, while **China National Petroleum** Corp. and **China Petrochemical** Corp. have major oil-producing assets in Sudan.

Cnooc's selection follows a long-running bid process instigated by U.K.-listed Tullow after appraisal wells confirmed the presence of around one billion barrels of oil in Uganda's Lake Albert region. Cnooc Ltd. is the Hong Kong-listed unit of China National Offshore Oil Corp.

The people close to the matter declined to give further details on the agreement with Tullow. A spokesman for Tullow said "no agreement has been signed with any company at this stage."

"Tullow won't reach an agreement with any company until the process has been completed with the government of Uganda," he said.

Tullow Chief Executive Aidan Heavey said late last month its new partner would entirely fund the development of a roughly 750-mile pipeline to export Uganda's oil to the Kenyan port of Mombasa.

Tullow Oil said last month it would bring either Total SA or Cnooc as a partner to develop its oil fields in Uganda as the country seeks to start producing oil.

The downstream-development plan is also likely to include a refinery, the size of which will be determined by a feasibility study in late March or early April, Mr. Heavey said at the time. Tullow would lead exploration and upstream development in the Lake Albert area, he said.

The deal comes after the government of Uganda approved Tullow's purchase of Heritage Oil PLC's stakes in two oil blocks Thursday. That decision ended Italian energy firm Eni SpA's attempt to obtain the assets, which would have marked its entry into Uganda's oil sector.

U.K.-based Heritage agreed in December to sell its 50% stakes in the two Ugandan oil blocks to Eni for up to $1.5 billion, but Tullow exercised its rights to buy the assets at the same price. Tullow and Heritage share ownership of the two blocks on Lake Albert, and Tullow owns all of a third block.

Uganda expects to start oil production in the next two to three years. The country plans to produce around 150,000 barrels of oil a day within six years, most of which will be exported. The steady revenue stream from oil could radically change the fortunes of the East African country, one of the world's poorest.

China's oil giants are stepping up their investment in overseas oil assets. Last month, a consortium led by PetroChina Co. won the right to develop the Halfaya oil field in Iraq under a 20-year contract. The Chinese government encourages state-owned oil companies to buy assets abroad to secure energy for its booming economy.

China's economic recovery is keeping energy demand and oil prices high, driving earnings growth that will help Cnooc fund its plans to raise both output and reserves.

Cnooc targeted production of 275 million to 290 million barrels of oil equivalent this year, driven by projects in China and Africa.

Output in 2009 is expected to be 226 million to 228 million barrels of oil equivalent, the company said this week.

Africa has been the main driving force of the company's overseas-production growth recently. Cnooc has assets in African countries including Nigeria, Kenya and Equatorial Guinea.

—David Winning and Benoit Faucon contributed to this article.

NewsCom

A view of Cnooc's oil refinery in China's Guangdong province. Cnooc will pay $2.5 billion for its Uganda stake.

AEGON
EUR 1,000,000,000
Accelerated Bookbuilt Offering
Joint Bookrunner
August 2009 | ABN AMRO

asciano
AUD 2,350,000,000
Placement and Rights Issue
Joint Lead Manager and Underwriter
June 2009

delta lloyd groep
EUR 1,088,800,000
Initial Public Offering
Joint Bookrunner
November 2009

Ford
USD 2,875,000,000
Convertible Bond Offering
Joint Bookrunner
November 2009

SAP
EUR 1,500,000,000
Refinancing of RCF
Joint Bookrunner and
Mandated Lead Arranger
September 2009

RioTinto
AUD 4,244,000,000
Rights Issue
Joint Bookrunner
July 2009

noble group
USD 850,000,000
6.75% 144A / Reg S
Senior Notes Due 2020
Joint Bookrunner
October 2009

sanofi aventis
Because health matters.
EUR 1,500,000,000
Notes due 2013
EUR 1,500,000,000
Notes due 2016
Joint Bookrunner
May 2009

SIEMENS
EUR 2,000,000,000
4.125% Fixed Rate Notes
Due February 2013
EUR 2,000,000,000
5.125% Fixed Rate Notes
Due February 2017
Joint Bookrunner
February 2009

Swedbank
USD 1,000,000,000
2.90% Fixed Rate Senior Unsecured Guaranteed by
Kingdom of Sweden
USD 500,000,000
Floating Rate Senior Unsecured Guaranteed by
Kingdom of Sweden
Due Jan 2013
Joint Bookrunner
June 2009

Korea Eximbank
USD 2,000,000,000
Senior Unsecured SEC
Registered Fixed Rate Notes
Due Jan 2014
Joint Bookrunner
January 2009

USS U. S. Steel
USD 862,500,000
Convertible Bond Offering
USD 692,070,000
27,140,000 Common Shares
(Follow-On Offering)
Joint Lead Manager
April 2009 | ABN AMRO

Walmart
Save money. Live better.
EUR 1,000,000,000
4.875% Fixed Rate Notes
Due 2029
Joint Bookrunner
September 2009

SAN MIGUEL CORPORATION
USD 1,200,000,000
Divestment of 43.25% Interest in
San Miguel Brewery Inc. to Kirin Holdings
Sole Financial Advisor
May 2009

centrica
GBP 1,266,000,000
Acquisition of Venture
Production by Centrica
Joint Financial Advisor
August 2009

VATTENFALL
EUR 9,951,000,000
Advisor to Vattenfall on the
Acquisition of Nuon
Financial Advisor
July 2009

We are doing a great deal for our clients

The last 18 months have been tough. But while others focused on us, we've remained focused on our clients. Even as the challenges of the global capital markets have continued, these and thousands more of our clients have still achieved their objectives. Through our expert teams around the world, we have supported them with financing and risk management. And we look forward to offering them a great deal more.

rbs.com/gbm

Global Banking & Markets

RBS™
The Royal Bank of Scotland

The Royal Bank of Scotland plc. Registered in Scotland No. 90312. Registered Office: 36 St Andrew Square, Edinburgh EH2 2YB. The Royal Bank of Scotland plc is an authorised agent of The Royal Bank of Scotland N.V. in certain jurisdictions.

Reuters

Coal provides two-thirds of China's energy needs. Miners preparing coal for transport in Changzhi, China, on Sunday.

Australia mine gets boost

Coal project wins financing, purchase agreements from China

By Rachel Pannett

CANBERRA, Australia—**Resourcehouse** Ltd. said it signed a US$60 billion, 20-year export contract with one of China's largest power companies in a deal that brings a massive coal mine proposed by Australian billionaire Clive Palmer a step closer to reality and underscores the growing commercial relationship between Australia and China.

Mr. Palmer's closely held Resourcehouse, based in Brisbane, Australia, also said Saturday that **Export-Import Bank of China** agreed to lead debt financing for the project, contributing US$5.6 billion of the estimated US$8 billion development cost.

Mr. Palmer will likely contribute the remaining funds for the project, named "China First, a spokesman said.

China Power International Development Ltd. agreed to buy 30 million tons of coal annually, at a cost of around US$3 billion a year, for 20 years, Resourcehouse said. The mine, in Australia's Queensland state, is slated to produce around 40 million tons a year starting in 2014.

Mr. Palmer hopes to break ground on the project in the second half of this year, subject to environmental and other federal and state government approvals, for which it has received fast-track status.

The agreement is broadly similar to several other energy import deals signed by China in the past year involving Export-Import Bank or **China Development Bank**, including crude oil-for-credit pacts signed with Russia, Kazakhstan and Brazil.

The mine and associated infrastructure will create 6,000 jobs during construction and 1,500 during operation, Resourcehouse said.

It underscores the growing commercial relationship between China and Australia—which has led to political tensions in the past year as Australian lawmakers grappled with China's growing appetite for the country's vast natural resources.

China is the world's largest producer and user of coal, and last year became a net importer of the fuel, which provides two-thirds of its energy needs.

Australia already is the largest supplier of coal to China. Of the 125.8 million tons of coal imported by China last year, 43.9 million came from Australia.

Saturday's announcement paves the way for Mr. Palmer to resume an initial public offering process for Resourcehouse.

The mining magnate had planned to offer shares of the company on the Hong Kong stock exchange in a roughly US$2.5 billion IPO in November. But the process was delayed while Mr. Palmer discussed details of a deal with **Metallurgical Corp. of China** Ltd. to take a stake in Resourcehouse.

Metallurgical Corp. agreed Wednesday to buy US$200 million worth of shares. The Chinese company's investment is equivalent to as much as a 5% stake, although the actual holding will depend on Resourcehouse's IPO price. The IPO is expected for March.

Mr. Palmer also announced the terms Saturday of a US$8.01 billion engineering, procurement and construction contract with Metallurgical Corp. to build China First, located in Queensland's Galilee Basin. Metallurgical Corp. agreed last year to take a 10% stake in the project.

The mine will be linked to a new coal terminal by a 490-kilometer rail line. The mine and associated infrastructure will create 6,000 jobs during construction and 1,500 during operation, Resourcehouse said.

British Airways gets lift from cuts

By Kaveri Niththyananthan

LONDON—**British Airways** PLC reported a surprise operating profit—the first in five quarters—as the carrier drove down costs, even as it remained on course for its worst-ever full-year performance.

For its fiscal third quarter, British Airways had a pretax loss of £50 million ($78.1 million), compared with a loss of £122 million a year earlier, but earned £25 million on an operating basis. The company didn't release a net-profit figure.

"These results highlight the impact of permanent changes across the company on our costs," said Chief Executive Willie Walsh in a statement. "While we are on the right track, we still expect to make record losses this year."

Like other airlines, British Airways has endured a difficult couple of years as demand for travel, in particular lucrative premium traffic, has weakened along with the global economy. As a result, the airline has cut costs through capacity reductions and productivity measures.

Last year, it asked staff to volunteer for early retirement, part-time work, working for free and taking unpaid leave to help the carrier "fight for survival."

The improvement in the quarter ended Dec. 31 is expected to continue into the current period, provided labor issues don't escalate, the carrier said.

However, it will continue to focus on permanent cost reductions in order to restore profitability. "There is more to do," Mr. Walsh said. "We're setting a very firm foundation for future growth."

Unite, the union representing cabin crew at the carrier, was quick to jump on the results—which exceeded analysts' expectations—and prodded management to be more flexible in a labor dispute.

The two sides are currently facing each other at the High Court, which will rule on whether changes to working practices British Airways introduced late last year are in breach of contract.

The company incurred restructuring costs of £62 million in the nine-month period to Dec. 31, down from £78 million in the prior-year period. "We don't anticipate significant restructuring costs next year" as staff buyout costs wind down, Mr. Walsh said, suggesting that the drive to cut jobs may be coming to an end.

Reuters

British Airways CEO Willie Walsh.

British Airways' revenue for the nine months fell 13% to £6.14 billion because of weaker demand, cheaper fares, the sales mix within cabin classes and the absence of fuel surcharges in effect last year.

On a constant-currency basis, revenue fell 18%.

Average passenger revenue fell 11% in the nine-month period.

There has been some improvement in the third quarter, with yields down only 8.8%, Chief Financial Officer **Keith Williams** said.

Load factor, the proportion of the plane filled with paying passengers, increased one percentage point to 74.2%.

Premium traffic, an area where it traditionally earns a significant proportion of its profit, was off 2.1%, while non-premium fell 7.9%.

The carrier is currently in merger talks with **Iberia Lineas Aereas de Espana** SA, and the two are also applying to U.S. and European regulators for permission to cooperate more closely with AMR Corp.'s American Airlines.

British Airways said it had no new developments to report on either project.

—Daniel Michaels contributed to this article.

JAL leans toward deal with American

Continued from page 19

sion" with JAL and that it "is confident" a partnership "would provide the greatest opportunity for JAL to increase annual revenues over the long-term."

Delta added it's "also confident" a Delta-JAL joint venture would obtain antitrust approval.

On Sunday American said it is "inappropriate" to comment on any alliance plans by JAL before the Japanese carrier announces them. American and its Oneworld global airline partners "continue to believe" that its partnership proposal would be the "best outcome" for JAL and consumers, it added in the statement.

A JAL spokesman declined to comment late Sunday.

An immunized Delta-JAL partnership would give it the ability to schedule flights and pricing as a single entity, but concerns have been raised whether it would get the regulatory green light because it would have a combined market share of more than 50% on trans-Pacific flights.

Delta has offered JAL more than $1 billion in capital and incentives to switch to its rival SkyTeam alliance of global airlines. American and its Oneworld partners, backed by private-equity group TPG, increased their equity offer to JAL to $1.4 billion last month.

Japanese authorities, though, recently indicated they don't plan to accept financing from either group as they restructure JAL. The Japanese airline last month filed for bankruptcy with $25 billion in debts and is receiving a $10 billion lifeline in capital injections and credit from the government.

Despite its dire financial straits, JAL is in a prime position to capitalize on flights to Asia, which is the world's fastest growing aviation market. Last year, the Asia-Pacific travel market surpassed North America for the first time to become the world's largest, according to the International Air Transport Association, the industry trade body.

Daimler taps Bernhard

By Vanessa Fuhrmans

Daimler AG announced a management shake-up at its Mercedes-Benz division, appointing Wolfgang Bernhard, head of its van operations, to replace Rainer Schmückle as the German luxury-car maker's powerful second-in-command.

As part of the shake-up, Mr. Bernhard, 49 years old, will join Daimler's management board and also continue to run the Mercedes van business. Although Daimler's chief executive, Dieter Zetsche, will continue to head the Mercedes car unit directly, the move vaults Mr. Bernhard, a turnaround specialist who led restructuring efforts at Daimler's then-Chrysler operations and **Volkswagen** AG, into a strong contending spot to succeed Mr. Zetsche eventually.

Mr. Schmückle, 50, whose direct approach to cost cutting engendered bitter clashes with Mercedes's unions, is expected to leave the car maker, people close to the company said.

Daimler declined to elaborate on Mr. Schmückle's next move, saying in a statement that it is currently holding discussions with him. Mr. Schmückle couldn't be reached immediately for comment.

The management changes come as Daimler is trying to recover from a difficult 2009, in which extensive cost cutting helped it recover from plunging sales and losses earlier in the year. Daimler's Mercedes unit, though, still faces high fixed costs and low labor productivity levels compared to rivals **BMW** AG and Volkswagen's Audi. Many company insiders and investors see Mr. Bernhard as the manager best suited to tackling the problems.

Mr. Bernhard established his reputation as a turnaround specialist during his first stint at Daimler, where between 2000 and 2004 he worked as Mr. Zetsche's right-hand man in restructuring Chrysler.

BUSINESS & FINANCE

Press Associated/Associated Press

BAE, maker of the Challenger 2 tank, will pay nearly $500 million.

BAE settles cases concerning bribery with U.S. and U.K.

By Daniel Michaels And Cassell Bryan-Low

Britain's **BAE Systems** PLC reached settlements totaling almost $500 million with the U.S. Justice Department and the U.K. Serious Fraud Office to resolve longstanding corruption allegations that have dogged one of the world's biggest defense contractors.

Under the agreements, London-based BAE will plead guilty to charges in both countries, relating to transactions that occurred before 2002.

The investigations examined whether BAE had made illegal payments to officials in various countries to secure lucrative contracts. The accusations have cast a shadow over BAE's business, even as it has expanded world-wide.

"It allows us to draw a very heavy line under the legacy of very historical issues," said BAE Chairman Dick Olver. "We're pleased to see the uncertainty removed."

The U.S. plea deal, under which BAE will pay $400 million to settle one charge of conspiring to make false statements to the government, demonstrates the Justice Department's ability to impose tight U.S. ethical standards for its defense contractors, even ones based overseas.

BAE is pledging new commitments to ensure its compliance with U.S. laws. The settlement could send a message to other foreign military contractors that are trying to expand in the U.S., which has the world's biggest defense market.

Gary G. Grindler, acting deputy attorney general, said: "Any company conducting business with the United States that profits through false statements will be held accountable."

The settlement also allows BAE to continue bidding for government contracts. Investors had feared that a guilty plea might have resulted in BAE's debarment in the U.S. or the European Union. In a sign of investors' relief, BAE shares in London closed up 1.6% on Friday.

For Britain's fraud office, the deal is a much-needed victory, although it secured a far smaller portion of the settlement than the U.S. BAE will pay a penalty of £30 million ($47 million) and plead guilty to a charge stemming from payment to a former consultant in Tanzania.

The SFO in November 2004 launched an investigation regarding BAE's alleged illegal payments in Saudi Arabia, a case that soon expanded to cover the Czech Republic, Romania, South Africa and Tanzania. BAE's then-chief executive, Mike Turner denied the company had acted improperly.

In 2006, the SFO halted the investigation into allegations about BAE's Saudi operations, under pressure from then-Prime Minister Tony Blair, who had been lobbied by Saudi officials. Mr. Blair cited national-security reasons, but the move sparked a political uproar that drew even more attention to BAE.

"The SFO has been totally vindicated," said SFO director Richard Alderman in an interview.

He added that the global settlement was a first for the SFO and DOJ and that he hoped it would send a warning signal to other firms.

The Justice Department in June 2007 launched its probe, which included briefly detaining Mr. Turner and other top BAE executives upon arrival in Houston in May 2008.

In part to calm controversy about the company's past business practices, Mr. Olver in 2007 pressed Mr. Turner to retire early, people close to the decision said. The company around the same time conducted a thorough analysis of its current ethical practices and began extensive training of its staff regarding ethical compliance.

Mr. Olver on Friday stressed that the transactions in relation to which the company pleaded guilty all occurred nearly a decade ago and outside the U.S.

U.S. court documents detailed what prosecutors allege was BAE's use of secretive offshore entities and shell companies, and its efforts to conceal where payments were going, in 1999 transactions to lease fighter jets to Hungary and the Czech Republic.

The U.S. has markedly increased its cooperation with foreign regulators in recent years.

The Securities and Exchange Commission, which works closely with the Justice Department, made 774 requests for assistance from foreign regulators in fiscal 2009, which ended September 30, up from 594 a year earlier, according to public data gathered by law firm Freshfields Bruckhaus Deringer LLP.

—Evan Perez and Amir Efrati contributed to this article.

LETTER OF INVITATION TO INTERNATIONAL TENDER
PROCUREMENT OF MAINTENANCE MACHINES (22 units in 7 different types) FOR MAINTENANCE OF HIGH SPEED LINE WITHIN THE SCOPE OF ANKARA-ISTANBUL HIGH SPEED RAILWAY PROJECT
TURKISH REPUBLIC
MINISTRY OF TRANSPORTATION
GENERAL DIRECTORATE OF STATE RAILWAYS (TCDD)

General Directorate of Turkish State Railways has provided a credit from European Investment Bank and wants to use certain part of this credit for the financing of "Procurement Of Maintenance Machines (22 Units In 7 Different Types) for Maintenance of High Speed Lines Within the Scope of Ankara-Istanbul High Speed Railway Project".

1) Objective of this procurement is to modernize the existing machinery park and to procure the machinery required for the repair and maintenance of High-speed train lines.

2) This contract is expected to be performed between dates 13/08/2010 and 30/04/2012.

3) Conditions of joining the tender and criterions to be applied for the required documents and adequacy evaluation:

3.1 - Conditions of joining the tender and required documents:

3.1.1. Address statement for notifications and also phone and if any, fax numbers and electronic mail address,

3.1.2. Certificate of Chambers of Commerce and/or Industry or related trade association to which it is registered according to the legislation;

3.1.2.1. In case of a real person, document that is taken from the chambers of commerce and/or industry it is registered according to the related legislation in the year in which first announcement is made or tender is initialized, and that shows the registration to the chamber,

3.1.2.2. In case of a legal entity, document that is taken from the chambers of commerce and/or industry it is registered according to the related legislation in the year in which first announcement is made or tender is initialized, and that shows the legal person is registered to the chamber,

3.1.3. Statement of signature or circular of signature showing authorization to give offers;

3.1.3.1. In case of a real person, notarized statement of signature;

3.1.3.2. In case of a legal entity, Commercial Registry Gazette showing the latest situation and indicating the partners, members or founders of legal entity, and officials in the management of legal entity; when this information is not found in one Commercial Registry Gazette, related Commercial Registry Gazettes showing whole information or documents showing these matters and legal entity's notarized circular of signature,

3.1.4. Letter of offer of which its form and content are defined in the Administrative Specifications,

3.1.5. Provisional bond of which its form and content are defined in the Administrative Specifications,

3.1.6. When participation to tender is to be realized by proxy, notarized letter of proxy about the participation to tender and issued in the name of the proxy, and proxy's notarized statement of signature,

3.1.7. Joint Venture Statement,

3.1.8. Document indicating that tender document is purchased,

3.1.9. Procurement/whole work or part of the work subject to tender may not be procured by subcontractors.

3.2. Documents related with the economical and financial competence and criteria these documents should bear:

3.2.1. Bank reference letter, may be provided from banks carrying on business in Turkey or abroad. Bank reference letter should be issued after the date of first announcement or invitation.

3.2.2. Balance sheet of the applicant or equivalent documents

3.2.2.1. a) Year-end balance sheet of the year preceding the tender year or required parts of the balance sheet,
b) documents equivalent to the ones indicated in (a) clause,

3.2.2.2. It is sufficient for the bidder to submit one of the documents indicated in the first clause. In this case;
a) Working capital ratio (floating assets / short term loans) that shows it has a solvency in a short term (one year) and required liquidity to provide cash flow in definite periods should be at least 0.75 (if any, long term construction costs will be deducted from the floating assets and progress income will be deducted from the short-term loans during calculation),
b) Equity capital rate (own resources / total assets) showing the amount of active assets formed by own resources should be at least 0.15 (if any, long term construction costs will be deducted from the total assets during calculation),
c) Ratio of short-term bank loans to own resources should be less than 0.50.

Are accepted as competence criteria, and these three criterions are required at the same time.

3.2.3. Documents showing the business volume of the applicant

3.2.3.1. a) Income statement showing the total financial turnover of the year preceding the tender year,
b) Invoices, which show the pecuniary amount of completed product sales or completed part of the product sales continuing under obligation, and issued in the year preceding the tender year,

3.2.3.1.2 It is sufficient for the bidder to submit one of the documents indicated in the first clause.

3.2.3.1.3. Total financial turnover should not be less than 25% of the offered price, and pecuniary amount of completed product sales or completed part of the product sales continuing under obligation should not be less than 15% of the offered price. Applicant providing one of these criteria, and submitting the document of the criterion provided is accepted as adequate. Those who can not provide these criteria in the previous year may submit documents of the last two years. In this case, in this case competence articles will be evaluated on the basis of the average of pecuniary amounts of the last two years.

3.3 - Documents related with professional and technical competence, and criteria these documents should bear

3.3.1. a) Documents Showing Authorized Dealership or Manufacturing
a.1) If the applicant is a manufacturer, document or documents showing it is a manufacturer,
a.2) If the applicant is an authorized dealer or representative, document or documents showing that it is an authorized dealer or representative.
a.3) If the applicant is carrying on business in free zone in Turkey, free zone activity certificate together with one of the documents indicated above.

3.3.2. Business experience documents

3.3.2.1. Regarding the businesses subject to tender or similar businesses and implemented within the scope of a single contract that comprises a price in public or private sector inside or outside of Turkey;
a) Documents showing the business experience regarding the product procurements for which final acceptance procedures are completed within the last five years retroactive from the first announcement or invitation date,
b) For the transferred businesses, documents showing the business experience regarding the product procurements for which final acceptance procedures are completed within the last five years retroactive from the first announcement or invitation date, provided that at least 80% of the first contract price is completed,

3.3.2.2. Documents showing the business experience related with the product procurement of which its final acceptance date is between the first announcement date and tender date, may also be submitted by the applicant, and these documents are evaluated within the scope of first clause.

3.3.2.3. With the aim to determine the business experience, the amount of the document, showing the business experience related with a single contract of businesses subject to tender or similar businesses shall be at least 15% of the offered price.

3.3.3. Certificates issued by the quality control organizations accredited in accordance with the international rules,

3.3.3.1. TSEK or ISO 9001:2000 or ISO 9001:2008 quality certificate regarding manufacture of railway machinery or manufacturing of devices and systems that perform road repair and maintenance, or mounting work of these to railway machinery or railway cars.
- If the applicant is an authorized dealer, quality certificates of the manufacturer indicated above will be submitted.

3.3.4. Documents including samples, catalogues, photos of the goods to be procured and replies and explanations made in accordance with the technical specifications.

3.4- In this tender, production/sale of self-propelled heavy duty vehicles used in the repair, construction and maintenance of metros or railways will be accepted as similar businesses.

4- The offer economically most advantageous will be determined according to the lowest price principle.

5- Tender is open to all domestic and foreign applicants who fulfill the competence criteria.

6- Preference of domestic manufacturing will not be applied.

7- Applicants will submit provisional bond to be specified by themselves, provided that it is not less than 3% of the price they offer.

8- Validity period of the offers submitted shall be at least 120 calendar days as of the tender date.

9- In this tender, separate offers may be given for each item, provided that offer comprises all of the machines in that item. (Partial Offer will be accepted.)

10- Consortiums may not submit offers for the tender.

11- Concerned applicants may provide detailed information from the below address between hours 9.00-17.00 (local time) and examine the Tender Documents.

General Directorate of T.R. State Railways (TCDD)
Head of Material Department, Road Ordering Office (Room numbered 1103)
Talatpasa Bulvari 06330 Gar / Ankara / TURKEY
Phone: (+90.312) 309 05 15 / 4399-4129
Fax: (+90.312) 311 53 05

Complete set of tender documents may be purchased from TCDD General Directorate Central Counter (Ground Floor) by applying to the above address and upon payment of non-refundable 1500 (One Thousand Five Hundred) Turkish Liras to Halk Bank Ankara Public Institutional Branch account no. TR210001200945200O2P000002 by indicating the project name, or by paying in cash in the instant of purchasing. Optionally, Tender Documents may be sent to applicants by means of courier services when consignment is previously arranged in their country and upon the receipt of fax copy of cash remittance. In this case, Borrower may not be held responsible for the delivery.

All offers should be sent or submitted to the address indicated above in a closed envelope including the inscription "Offer for the Procurement of Maintenance Machines (22 Units in 7 Different Types) for Maintenance of High Speed Lines within the scope of Ankara-Istanbul High Speed Railway Project". before 14/04/2010 Wednesday, hour 14.00. Offers will be immediately opened in the presence of representatives of bidders who want to participate.

CORPORATE NEWS: THE TOYOTA RECALL

Flaw fixed more quickly in Europe

Auto maker says complaints about acceleration didn't come in from U.S. until it was fixing pedals elsewhere

By Norihiko Shirouzu

TOYOTA CITY, Japan–One mystery surrounds **Toyota Motor** Corp.'s massive recall: Why did the company wait for nearly half a year to roll out a fix for sticky accelerator pedals in the U.S. after unveiling a similar solution for the same gas pedals in Europe?

In Europe, consumer complaints about sticky pedals—which Toyota says can cause sudden, undesired acceleration—began coming in as early as the beginning of last year, around the "January-February time frame," Toyota's quality chief, Shinichi Sasaki, said last week.

The company's engineers struggled to diagnose the problem, but eventually identified condensation inside the pedal's mechanism as a cause and implemented a fix in Europe in August.

The pedals Toyota altered in Europe are the "same" pedals Toyota is now fixing in the U.S. and elsewhere, according to Mr. Sasaki.

Yet, a solution to sticky acceleration pedals in the U.S. wasn't announced until last week—some five months after the company announced the fix for the problem in Europe. Until last month, Toyota blamed improperly installed floor mats, which it believed were prone to get caught on the accelerator, as the sole cause of unwanted acceleration incidents in the U.S., even as regulators questioned that conclusion.

Toyota's Mr. Sasaki said the company received no complaints about sticky pedals in the U.S. during the time when it was dealing with the problem in Europe.

"We were obviously concerned about other markets where the same pedals were being used and were keeping a close watch on field information," Mr. Sasaki said during a news conference he held Friday with Toyota's chief executive, Akio Toyoda.

Complaints of sticky gas pedals in the U.S. started to trickle in around "September-October," according to Mr. Sasaki, and Toyota began investigating those "dozen" incidents.

Another senior Toyota official said the low number of complaints in the U.S. led the company to believe a recall there wasn't necessary through the end of 2009,. "How could we agree so easily to a wide recall when we only have a handful complaints to go by?" the U.S.-based official said.

Answering the question of why Toyota didn't move sooner the fix for the pedals in the U.S., Mr. Sasaki also referred to "coordination" between engineers and people collecting consumer feedback on products as a possible factor that stretched out the time needed for a response. He didn't elaborate further.

In August 2009, when Toyota implemented a fix to alter the accelerator pedals in Europe, the company's understanding at the time was that the sticky pedal problem was "unique to certain right-hand-drive cars sold in Europe," said Mieko Iwasaki, a company spokeswoman. That was because at that point there had been no reported complaints about sticky pedals in the U.S. Toyota didn't receive complaints until the beginning of the autumn, she said.

"It's true it has taken some time [to implement a fix in the U.S.], but we have taken what we believe is the most appropriate action at each juncture," Ms. Iwasaki said.

Mr. Sasaki said Toyota's behavior may have created the impression that it might have been trying to sweep the problem under the rug.

"We swear we didn't do anything intentionally," he said at Friday's news conference.

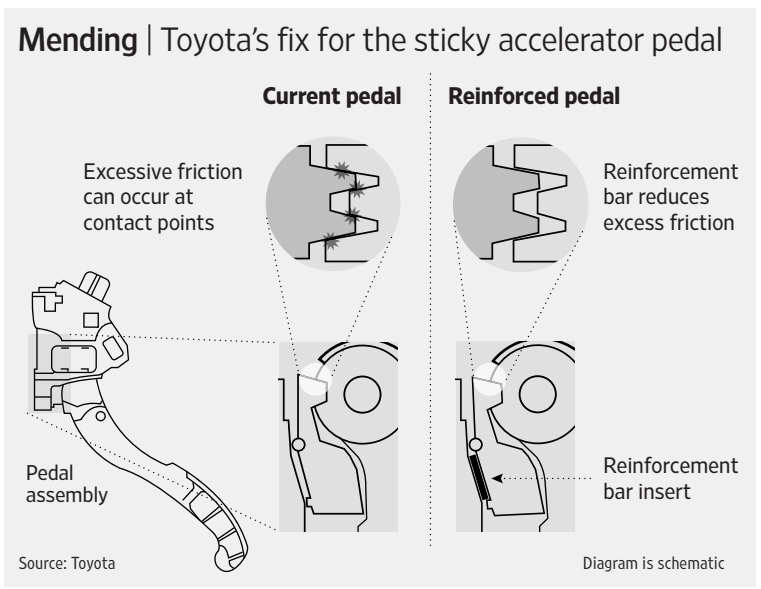
Toyota eventually concluded the problem was caused by condensation formed inside the pedal's mechanism under certain climate conditions inside the car, such as when the driver turned on the heat in cold weather, "just like your glasses fog up when you enter a warm room after coming from outside in the winter," Mr. Sasaki said. When condensation formed on the polished surface of the pedal's friction lever, it created extra friction and the gas pedal would stick, he said.

But Mr. Sasaki said it was extremely difficult to isolate and confirm this condensation as the culprit because the moisture often disappeared quickly.

"By the time engineers took the problematic accelerator pedal to the lab, moisture was gone," said Mr. Sasaki. "We looked and looked, and it was only when we closely began looking at various usage conditions under which the pedals stuck, we were able to deduce from them that moisture might have been a contributing factor."

Officials at Toyota in Japan stepped up their attention to the issue after a fatal crash in Texas at the end of last year, according to two executives familiar with the matter. In that accident, a 2008 Toyota Avalon sped off the road and landed upside down in a pond the day after Christmas, killing four people. Police found the car's floor mats in its trunk.

The engineers at the company's central technical center in Toyota City—a 15-story research tower that is home to a few thousand engineers—tried to find the most ideal fix from a series of options they had come up with during last year, verifying the design of the repair part and making arrangements to produce the new part.



Getty Images

Toyota implemented a fix in Europe for pedals last summer.

Toyota prepares to take action on Prius brake issue

Continued from first page

tral to Toyota's campaign to create an image of an environmentally friendly company, and it is the company's most popular model in Japan. Prius sales in Japan in January jumped nearly fourfold to 22,306 vehicles, making the hybrid the best selling car for the eighth straight month, according to data by the Japan Automobile Dealers' Association released Thursday.

Officials said that, in contrast to the sudden acceleration problem, the Prius brake problem won't require a halt in production. The company said it has already determined the cause of the problem, and in late January rewrote the software program to improve the Prius's braking system. The Prius cars assembled since then all carry the modified version of the software in their braking systems.

Toyota has said that Prius brakes were sometimes slow to respond when drivers kept lightly pressing them. When the automatic braking system is enabled under certain road conditions, the car switches from one system of braking—regenerative braking, designed to capture energy to help power the car—to the conventional hydraulic braking system. The brief time lag between the two braking systems results in cars stopping a little later than the drivers expected.

The person familiar with Toyota's plans said the company would likely "take action early this week" to fix the Priuses.

Toyota has already informed dealers in Japan of the problem and cause. Another person said the new customer services to owners of the newest Prius models would start as soon as Monday and would take 20-30 minutes each to rewrite the software program.

An official at one of Toyota's dealerships in Tokyo said it has not received a formal notice from Toyota, while two other dealerships declined to comment.

Japanese Transport Minister Seiji Maehara Friday put pressure on Toyota to act more decisively. "I heard from [ministry] officials that they will conduct either a recall or [voluntary repair] service campaign," Mr. Maehara said. "Whether the issue is big or not, it should be decided by [auto] users."

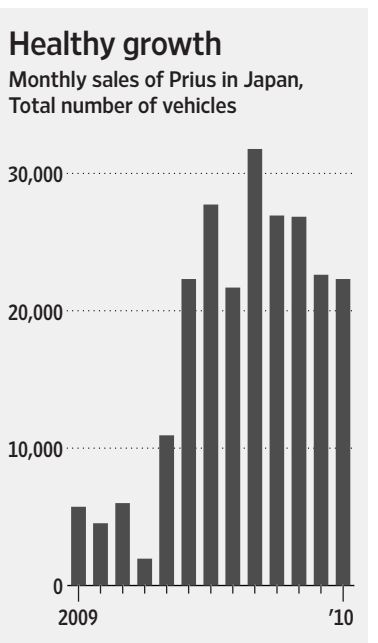


Photo: Associated Press

Rep. Bart Stupak,will lead a congressional grilling of Toyota. He predicts the hearings could surpass the Ford/Firestone uproar of a decade ago. Associated Press

Toyota hastens to build crisis team

Auto maker hires public-strategy firm, fearing backlash over recalls may become 'payback' for Detroit's troubles

By Neil King Jr.

WASHINGTON—**Toyota Motor** Corp. is scrambling to form a crisis team of lobbyists, lawyers and public-relations specialists to confront a political and regulatory storm that threatens to undo years of effort to prevent a Washington backlash against its success.

Under fire from congressional Democrats and the Obama administration for its slow response to a rash of sudden acceleration incidents, Toyota's Washington office last week hired the **Glover Park Group**, a public-strategy firm run by a squad of former Clinton aides, including former White House spokesman Joe Lockhart.

The company is working with New York-based public-relations firm **Robinson Lerer & Montgomery**, which has helped Tyco International Ltd. and Adelphia Communications Corp. handle corporate crises, to coordinate the overall response. Toyota is also in discussions with an array of lobbying shops.

A Toyota spokeswoman, Cindy Knight, said the company has "beefed up" its team "in the form of PR support, lobbying, and legal advice."

In response to anti-Japanese trade tensions in the 1980s and 1990s, Toyota sought to build an image in Washington as a car maker highly attuned to lawmakers' desires for clean, high-mileage cars and, more important, good-paying U.S. jobs. But Toyota's aggressive moves to gain market share, including in the recent government funded "cash-for-clunkers" program, and the resulting woes of Detroit's auto makers have undercut the company's efforts to soften its image, and energized critics such as the United Auto Workers.

Working last week out of a "war room" in its downtown D.C. offices, Toyota officials have held a series of strategy sessions over how to confront mounting political pressures in Congress and within the administration, according to people familiar with the discussions.

Some Toyota executives in Japan worry that some of the attacks on the company are payback for the troubles of its Detroit rivals **General Motors** Co. and **Chrysler Group** LLC. The company's Washington team has clashed in recent weeks with executives in Japan over how to respond to the crisis, company executives and advisers say.

A Japanese Toyota executive said there is "a lot of pent up frustration" among management over why Toyota's Washington office didn't see the warning signs of a backlash coming sooner.

Toyota wants to rally support from congressmen in states where it has major assembly plants—Alabama, Kentucky, Indiana, Texas and West Virginia.

The company's Washington team has urged a more forceful approach to the crisis with frequent news conferences, an ad campaign, and robust lobbying on Capitol Hill, but executives in Japan have resisted that advice, advisers to the company say.

The Washington team is led by Toyota's longtime top lobbyist Josephine Cooper. Ms. Cooper has been a Washington fixture since the early 1980s, when she worked as a staffer for former Senate Majority Leader Howard Baker. She handled crisis management for public relations firm Hill & Knowlton and worked at industry trade groups before joining Toyota in 2004.

Toyota spent $5.2 million on lobbying last year, according to reports filed with the Senate. GM spent $8.6 million in the same year, while **Ford Motor** Co. spent $7.2 million.

One objective of Toyota's current efforts is to rally support from congressional delegations from states where Toyota has a significant presence. Toyota employs more than 35,000 U.S. workers and has major assembly plants in five states—Alabama, Kentucky, Indiana, Texas and West Virginia—and more than 1,400 dealerships across the country.

So far, longtime Toyota supporters such as Sen. Jay Rockefeller (D., W. Va.) and Sen. Mitch McConnell (R., Ky) have remained silent.

Some lawmakers are speaking up. "I think we need to have cooler heads prevailing here," said Rep. Shelley Moore Capito, a West Virginia Republican whose district includes a Toyota engine plant that employs more than 1,000 people. "Any piling on of Toyota here unjustly will only hurt the entire automobile industry."

One Democratic lawmaker who will lead a congressional grilling of Toyota, Rep. Bart Stupak of Michigan, predicts the Toyota hearings could surpass the Ford/Firestone uproar of a decade ago—largely, he said, because Toyota appears to have dodged questions about problems with its accelerators for years.

"There are serious questions that go back six years," said Mr. Stupak, who chairs the House energy and commerce investigative subcommittee. The committee has summoned top Toyota brass for a hearing on the issue Feb. 25. The House committee on oversight and government reform plans to hold a separate Toyota hearing next Wednesday.

"This is the nightmare of nightmares for a company that has been an iconic brand and has never confronted an enterprise risk of this scope," said Harlan Loeb, a crisis-management veteran at PR firm Edelman.

Agence France-Presse

Pedestrians pass Australia's Reserve Bank, which joined in recommending an end to banking guarantees by Canberra.

Ending bank guarantees

Australia to halt borrowing-support programs, citing lack of need

By Rachel Pannett

The Australian government said Sunday it will withdraw its guarantees of commercial banks' wholesale funding and large deposits and of state government borrowing, after regulators advised that the guarantees are no longer needed.

It comes as other Group of 20 nations have either removed, or plan to withdraw, similar safety nets rolled out during the peak of the financial crisis in late 2008, as borrowing costs spiraled and as investors' appetite for risk evaporated.

Credit-market conditions have since normalized, making it cheaper for banks to borrow money without using the guarantees.

The guarantee program for large deposits and wholesale funding will end March 31, while the government will end its guarantee of newly issued state bonds on Dec. 31. The longer withdrawal period for the state-bond guarantees is needed for states to establish liquidity in new unguaranteed bond lines, the government said. Existing guaranteed bonds will continue to be covered until either they mature or are bought back and extinguished by the issuer.

The government is acting on the advice of Australia's Council of Financial Regulators, which is made up of the heads of the Reserve Bank, the Treasury, the Australian Securities and Investments Commission and the Australian Prudential Regulation Authority.

"The council advises that it is appropriate we withdraw our guarantee due to the greater strength of our financial system compared to key Group of 20 countries which have already removed their guarantee or will do so shortly," Treasurer Wayne Swan said in a statement. "Importantly, our regulators explicitly advise that removing the guarantee will not materially affect banking-sector funding costs."

The U.S. Federal Deposit Insurance Corp. late last year ended its offer to guarantee bonds issued by banks there.

"The announcement doesn't comes as a surprise," said Brian Fitzgerald, a spokesman for Commonwealth Bank of Australia. He said the bank hasn't relied on the guarantee for some time and doesn't expect the decision to withdraw the guarantee to cause any funding problems for CBA in the future.

Over the past few months, about two-thirds of bonds issued by Australian banks were unguaranteed, the Reserve Bank of Australia said in its quarterly monetary-policy statement Friday.

The government has charged a fee to banks to attach a sovereign guarantee to their bonds. As investor sentiment has improved, the banks have chosen to sell bonds without the guarantee to save costs.

Australia's states have also successfully raised funds without the guarantee. Queensland state's financing arm, Queensland Treasury Corp., last month raised four billion Australian dollars (US$3.5 billion), the largest-ever domestic bond offering by an Australian state, despite selling the securities without the federal government guarantee.

Australian banks and other lenders have so far paid about A$1.1 billion for the use of the guarantee and will pay about A$5.5 billion over its full life.

"Without the guarantee, our banks would have lent less and interest rates for borrowers would have been higher, leading to lower growth and higher unemployment," Mr. Swan said.

Existing guaranteed liabilities of authorized deposit-taking institutions will continue to be covered by the guarantee to maturity for wholesale funding and term deposits, or to October 2015 for at-call deposits. The deadline to apply for the guarantee is March 24.

The changes don't affect a separate Financial Claims Scheme, which will continue to cover deposits of as much as A$1 million until the cap is reviewed in October 2011.

Probation sentence for Galleon witness

By Chad Bray

NEW YORK—Mark Lenowitz, a former hedge-fund trader, was sentenced to three years of probation after prosecutors said his cooperation indirectly led to arrests in a high-profile insider-trading case that has ensnared **Galleon Group**'s Raj Rajaratnam and others.

U.S. District Judge Sidney Stein in Manhattan sentenced Mr. Lenowitz, who traded equity securities on behalf of **Chelsey Capital** in New York and was a partner at **Q Capital Investment Partners** LP in New Jersey, to three years of probation, six months of which must be served in home confinement.

THE GALLEON CASE

He also was ordered to forfeit more than $337,000 and to complete 160 hours of supervised release in each year of probation.

"Mr. Lenowitz was not secretly cooperating for two years; he was not wearing a recording device," Assistant U.S. Attorney Andrew Fish said.

However, his cooperation allowed prosecutors to bring a criminal case against David R. Slaine, a onetime portfolio manager at Chelsey Capital and former employee at Galleon, Mr. Fish said. Mr. Lenowitz was a second witness to Mr. Slaine's misconduct and identified the bank Mr. Slaine used to make his trades after prosecutors had trouble locating Mr. Slaine's trading records, Mr. Fish said.

Mr. Slaine's cooperation led to the arrests of Zvi Goffer, a former Galleon employee, and others in a second alleged trading ring uncovered in the Galleon probe, Mr. Fish said. Mr. Slaine pleaded guilty to conspiracy and securities fraud in December.

The Wall Street Journal reported that Mr. Slaine wore a body wire for more than a year as part of his cooperation and told prosecutors about alleged insider trading by Craig Drimal, who has been charged in the second alleged trading ring.

Mr. Goffer and Mr. Drimal have denied wrongdoing.

Mr. Lenowitz pleaded guilty to conspiracy to commit securities fraud and one count of securities fraud in July 2007 in an earlier insider-trading case that involved trading ahead of upcoming analysts' recommendations from **UBS** AG.

At the hearing, Alan Vinegrad, Mr. Lenowitz's lawyer, said his client's cooperation led to the prosecution of eight people, including Mr. Slaine, in the earlier insider-trading case. Mr. Slaine and Mr. Lenowitz worked at Chelsey during the same period. Mr. Lenowitz had faced as much as 46 months to 57 months in prison under federal guidelines.

However, the judge, who had planned to sentence him to prison, said he was swayed by the level of Mr. Lenowitz's cooperation.

Mr. Lenowitz is one of 14 people who pleaded guilty to criminal charges in two separate schemes to use inside information to make improper trades ahead of public announcements of stock recommendations by UBS analysts and ahead of news of pending mergers and acquisitions in which **Morgan Stanley** was acting as an adviser.

Prosecutors had alleged that Mr. Lenowitz, from early 2002 to August 2003, engaged in a scheme to trade ahead of UBS analysts' upgrades and downgrades based on inside information.

Worries over Greece: Is California more serious issue?

Continued from page 19

profits, expectations of continued low short-term interest rates and reasonable valuations, Barclays Wealth has been recommending investors overweight stocks. Mr. Gurwitz says the Europe situation doesn't change their strategy.

Mr. Gurwitz puzzled over the fixation on Greece when U.S. investors have an even bigger problem in their own backyard that so far most are ignoring.

The California situation is much more important than Greece," he says. Greece comprises about 2% of Europe's gross domestic product, while California—struggling to pay its debts—represents more than 10% of the U.S. economy, he says. "Yet nobody's talking about California," he says.

Morgan Stanley's Mr. McVey acknowledges that at some $350 billion, Greece's bond market is tiny, but he says that is missing the point. The turn of events in Europe "is no different than what you saw at the investment banks: the market doesn't want to do business with over-levered entities," he says.

John Brynjolfsson, head of investments at hedge fund Armored Wolf, sees two reasons that the Greece situation presents real issues. The first is the degree to which the global economic recovery is still reliant on massive stimulus efforts. "Everyone is depending on sovereign and fiscal authorities to keep the music going," he says. However, because the huge government deficits eventually act to slow economic growth, "people know that eventually the music is going to stop playing."

The key unknown is at what point do the bond markets force governments to cut back on the stimulus. The answer, Mr. Brynjolfsson says, "is purely a function of confidence." Greece, he says, may "accelerate what could theoretically happen over a five- to 10-year horizon and instead make it happen within a three- or six-month period."

The other problem is the potential for a meaningful rise in inflation, Mr. Brynjolfsson says. "We know there has to be an end game and one of the outcomes would be this miraculous surge of productivity, profits, income and growth to get us out of these problems—and frankly that's a stretch."

Fewer fears at Asian banks

Continued from page 19

credit in the next two years, says Paul Shulte, a strategist at Nomura Holdings. Banks facing tighter Basel 3 capital requirements will have even less money to lend, potentially causing a dangerous contraction. "You can't talk about rehabilitation until the patient is out of intensive care," he says.

Asian banks are remarkably free from such concerns. Most are well capitalized. And they are less dependent on wholesale funding—that is, borrowing from other lenders through what is called the interbank market.

Their business lines are very simple: They take deposits and make loans. Maybe they issue credit cards and extend trade credit. They don't issue many derivatives or trade much for their own account.

Most would never fall afoul of the Volcker rule if it somehow applied to them.

"The problems in Asia are obviously a lot less than in the Western world," says Simon Ho, a banking analyst at Citigroup Global Markets.

Asia's present virtue owes much to a sinful past. Reckless lending by Asian banks drove many to the brink when the 1997-98 financial crisis hit. In the dozen years since then, they have sharply reduced their debt levels, and regulators have gotten better at keeping them in line.

The picture in some parts of Asia is less rosy, notably Japan, where Basel 3 would be particularly unwelcome because of how it treats single-A-rated corporate bonds commonly held by the country's lenders.

Taiwan and Malaysia are potential problem markets, Mr. Ho notes, and possibly South Korea, in part for its reliance on wholesale funding—though all three still compare favorably with Europe or the U.K. if you look at Citigroup's projected average Tier 1 ratios under Basel 3.

China, where mountains of bad loans a decade ago led to a massive government bailout of its biggest banks, has become surprisingly aggressive at prudential regulation. To be sure, credit growth occasionally gets out of hand, as it did last year under government orders to prop up the economy. And the banks' levels of subordinated debt, a less-favored form of capital, worry some. Still, China's banking watchdog recently pushed some lenders to raise more equity capital, even though their current capital-adequacy ratios are high by global standards. That probably is to provide a buffer for a rise in bad-loan levels and future loan growth, but it also is because China's regulator prefers to be cautious.

China wants its capital-adequacy ratios "to be among highest in the world," Mr. Shulte says.

MARKETS

Madoff penthouse is under contract

Government trying to sell property to reimburse victims; fraudster's family members agree to freeze their assets

By Amir Efrati

Fraudster Bernard Madoff's Manhattan penthouse has gone into contract for an undisclosed price.

It was originally listed for $9.9 million in September and later was cut to $8.9 million. The apartment is one of three properties the government seized and is selling to help reimburse victims of his fraud.

The identity of the buyer of the home, a 4,000-square-foot duplex cooperative apartment on the 11th and 12th floors of 133 E. 64th St., couldn't be learned.

Separately, the brother, sons and niece of Mr. Madoff agreed to freeze their assets pending the outcome of a $200 million lawsuit filed by a trustee who is gathering assets for victims of the fraud.

The Madoff family members' court agreements with the trustee are similar to agreements they made with federal prosecutors in Manhattan shortly after Mr. Madoff's arrest, according to a person familiar with the matter. Last year a lawyer for Peter Madoff, Mr. Madoff's brother, said as part of a civil lawsuit that his client's agreement with prosecutors allowed him to spend $10,000 a month for living expenses and required him to give prosecutors receipts for purchases of more than $150.

Last fall, court-appointed trustee Irving Picard sued the family members, who worked with Mr. Madoff at his investment firm, saying they should give back ill-gotten gains they used to fund personal business ventures and purchase homes, boats and cars.

Associated Press

The penthouse at 133 E. 64th St. in Manhattan was listed at $9.9 million in September, when this photo was taken.

Mr. Picard said the family received about $141 million in the six months leading up to Mr. Madoff's December 2008 arrest.

In agreeing to the asset freezes, the family members denied any "liability or culpability," according to "consent orders" filed in federal bankruptcy court in Manhattan and signed by the family members, a lawyer for the trustee and the judge overseeing the case. The family members agreed not to transfer or sell property or assets valued at more than $1,000 or incur debts and obligations greater than $1,000 without approval of the trustee. They are allowed to use credit cards for necessary living expenses. The defendants also will provide the trustee with an accounting of their expenditures, the orders say.

Last year Mr. Madoff's wife, Ruth, also agreed to an asset freeze as part of a separate trustee's $45 million lawsuit against her.

According to the trustee's lawsuit, Andrew Madoff invested just under $1 million into his Madoff investment accounts yet withdrew $17 million through "brazenly fabricated transactions." Peter Madoff invested $32,146 into his accounts but redeemed more than $16 million in similar fashion, the trustee said.

The civil suit doesn't provide evidence that Peter or Andrew Madoff manipulated the accounts but said that given their financial experience, they "knew or should have known" about the irregularities. They have said they had no knowledge of fraud.

Peter Madoff and Peter's daughter Shana Madoff held the titles of chief compliance officer and compliance counsel and both assisted in the completion of an SEC filing that said the firm's investment arm had 23 customer accounts and $17 billion in assets as of January 2008, the trustee alleged.

In fact, the firm had more than 4,900 accounts with a purported value of $68 billion, though much of that was based on phantom profits from trades that never took place.

No certain winners on the IPO horizon

By Lynn Cowan

Investors hoping for a turnaround deal that will jump-start the IPO market in the U.S. will have to search hard this week.

The schedule of initial public offerings includes two more debt-laden manufacturers owned by private-equity firms and another Chinese solar company. About the only thing different in the lineup is Internet-marketing firm **QuinStreet** Inc., but even that isn't a sure shot in this market, analysts said.

IPO FOCUS

"The quality, on average, is a little low," said Ben Holmes, publisher of research site Morningnotes.com, of the U.S. offerings on tap and those that have priced in the past two months.

Solar-product maker **JinkoSolar Holding** Co. is the third Chinese solar-related company to line up since mid-December, after **Trony Solar Holdings** Co. and **Daqo New Energy** Corp. postponed their deals. The only difference between the three is that JinkoSolar paints a rosier picture of demand than the others, which have focused on the pricing pressure faced by the industry.

As for the manufacturers, plastic-container maker **Graham Packaging** Co. and generator maker **Generac Holdings** Inc. are controlled by private-equity firms. They have borrowings that reach more than $2 billion and $1 billion, respectively, and carry shareholder deficits ahead of their IPOs. Neither has full-year 2009 data finalized yet, but they were profitable for the first three quarters following years of losses.

QuinStreet is being tagged as a deal that will at least draw out investors to kick the tires.

The company specializes in vertical marketing, which targets specific audiences, such as home buyers or college enrollees. It is paid for the potential customer leads it generates through Web-site clicks, and it builds, buys or teams with Web sites that receive high rankings on search engines. Since mid-2006, it has acquired more than 100 third-party Web-site publishing businesses, from ReliableRemodeler.com to Insure.com.

QuinStreet is aiming to raise as much as $190 million on the Nasdaq Stock Market under the listing QNST. Its top and bottom lines have been increasing for years, with the exception of a profit dip in 2008. In the six months ended Dec. 31, net revenue increased 27% to $155 million and net income rose 58% to $8.9 million.

One concern is the low barriers to entry in QuinStreet's business. Web engines like **Google** Inc. and **Yahoo** Inc. have their own advertising sales forces, and traditional advertising agencies don't have to stretch far to provide their own vertical Web marketing.

"QuinStreet has an established business and may do well. The longer-term risk is how easy it is for ad agencies and others to do what they doing," said IPOdesktop.com President Francis Gaskins.

Enjoy The Wall Street Journal Asia at these fine hotels...

Romance at Island Shangri-La

Celebrate at Restaurant Petrus or the Lobster Bar and Grill with Valentine's Day menus on 14 February 2010.

Reservations: 2877 3838

Island Shangri-La, Pacific Place, Supreme Court Road, Central, Hong Kong

Island Shangri-La HONG KONG

JW MARRIOTT

Pop in to Q88 Wine Bar for Happy Hour 5:00 to 8:00 pm, Mondays to Fridays (except Public Holidays)

Q88

MAIN ST. DELI

I wanna see you at Hong Kong's only authentic New York style deli!

Main St. Deli is your ultimate choice to experience traditional New York favourites in Hong Kong. Deli favourites such as salami, pastrami on rye, hot corned beef and chicken soup with matzoh ball are served in real New York style!

For more information, please contact 2375 1133.

Langham Hotel Hong Kong

Chinese New Year Celebration

Bird's Nest and Pumpkin Golden Bar and traditional exquisite cakes, gift packs and hampers available from 14 January to 13 February 2010

Early bird discounts apply.

Call **2733 8757** for details.

Kowloon Shangri-La 64 Mody Road, Kowloon

THE WALL STREET JOURNAL. ASIA

Executive Dining features some of the leading hotel restaurants in Asia.

For more information about this program, please contact Mr. Philip Owens at Tel: 2831-2570 | Fax: 2893-5090, or visit www.wsj-asia.com to subscribe.

To Participate in the Executive Dining Program, please email to: philip.owens@dowjones.com.

Asian Innovation Awards 2010

presented by:

THE WALL STREET JOURNAL. ASIA

in partnership with:

CREDIT SUISSE

Calling all innovators!

Sometimes recognition is all that's needed to elevate an idea onto the world stage.

From an entirely new invention to the advancement of a classic, the Asian Innovation Awards and the Credit Suisse Technopreneur Award are committed to finding the next big ideas in Asia.

Whether conceptualized in a backyard or a laboratory, we are seeking innovations that break with conventional processes in creative ways to improve quality of life or productivity, as well as those demonstrating the greatest potential for financial success.

Entries welcomed from individuals, small businesses, large corporations and academia in Asia Pacific, from any field including health care, technology, medicine, energy, social sciences, government and others.

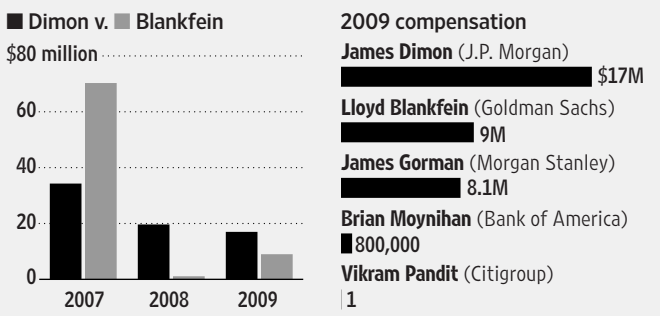
To enter or to find out more, visit **asia.wsj.com/aia**
Deadline for entries: **March 26, 2010**

Goldman Sachs CEO Lloyd Blankfein, left, with J.P. Morgan Chase CEO Jamie Dimon in Washington in January 2009.

European Pressphoto Agency

Reined in

2009 compensation for Goldman Sachs Group CEO Lloyd Blankfein and J.P. Morgan Chase CEO James Dimon has been under scrutiny since a public outcry that big bonuses caused excessive risk taking during the credit crisis.



Note: 2007 and 2008 figures are total compensation. 2009 figures may exclude some compensation that hasn't been disclosed yet. Gorman and Moynihan became CEOs on Jan. 1.

Source: the companies

Goldman bows on CEO's pay

Blankfein's take for 2009 is held to half of rival's at J.P. Morgan, amid public uproar

By Susanne Craig and Matthias Rieker

Goldman Sachs Group Inc., trying to show it is responsive to public pressure over its pay, said Chairman and Chief Executive Lloyd Blankfein would get a $9 million bonus for 2009, a fraction of the $68.5 million payout he got in 2007.

Friday's announcement was one of the most highly anticipated pay figures in Wall Street history. As Goldman rebounded in 2009 to its most profitable year ever, the 55-year-old Mr. Blankfein became the focus of anger about sky-high bonuses on Wall Street. That criticism continued even after Goldman said last month that it would make the smallest employee payouts relative to revenue since the firm went public in 1999.

Goldman didn't comment Friday on the payouts to Mr. Blankfein and four lieutenants, who also were awarded $9 million each. The bonuses consist entirely of stock, with no cash, reflecting a recent shift by Goldman and other financial firms to tie compensation more closely to company performance.

The $9 million bonus plus his $600,000 base salary are likely to account for nearly all of Mr. Blankfein's compensation for 2009. The total will include other benefits and perks.

Mr. Blankfein will likely make less than Richard Handler, the chief executive officer of lesser-known Jefferies Group Inc., who is expected to receive a bonus of approximately $12 million for his work in 2009.

People familiar with the situation said Goldman's board, which met Friday afternoon, wanted to demonstrate moderation on executive pay.

Directors deliberated for weeks, hoping to find a middle ground between the popular anger over Wall Street compensation and the board's belief that top employees deserve to be paid fairly. During the discussions, Goldman directors and executives began using the word "restraint," these people said.

J.P. Morgan Chase & Co., which also has recovered from the crisis much faster than rivals, said Friday that Chairman and Chief Executive James Dimon will receive about $17 million in bonuses this year but no cash. Mr. Dimon has largely avoided the uncomfortable spotlight that zeroed in Mr. Blankfein. Still, a spokesman said J.P. Morgan's board "recognizes the very high degree of interest in executive compensation, especially now."

Only on Wall Street, to be sure, would $9 million be considered a modest take. Still, said Brian Foley, a compensation consultant in White Plains, N.Y., Mr. Blankfein's compensation came as a surprise to many.

"This is certainly significantly lower than people anticipated," he said. However, he added it likely won't completely defuse the public anger toward Goldman. "If you are outside looking in, they still aren't beloved, because they likely eating your lunch and breakfast," he said, describing the mood.

Mr. Blankfein has stepped into the limelight to defend Goldman, making some missteps. In January, he stumbled during his testimony in front of the Financial Crisis Inquiry Commission in Washington, growing visibly frustrated as politicians grilled him. In late 2009, he remarked he was simply a banker doing "God's Work" in an interview, a remark that drew negative headlines around the world.

But there is no denying his bank's performance in 2009. The stock rose 100% last year. This compares to a 32% rise at J.P. Morgan and an 85% jump at Morgan Stanley.

In 2008, the year the financial system nearly collapsed, Mr. Blankfein took no bonus. In 2007 he took $68.5 million in cash and stock, a record payday for a Wall Street chief. Gary Cohn, Mr. Blankfein's second in command, was awarded shares valued at $9 million for his performance in 2009. Like Mr. Blankfein he didn't get a bonus in 2008. In 2007, Mr. Cohn received a pay package worth $67.7 million.

In December the board voted that the firm's top 30 executives, including Mr. Blankfein, will receive no cash bonuses for 2009, receiving only stock that can't be sold for five years. They coined a new term for these securities: "shares at risk." The idea is the shares could be clawed back or lost if something goes awry at the firm.

Still, Goldman set aside $16.19 billion for compensation and benefits, and employees ended up with an average pay of $500,000 per person.

Also in December, Goldman's board decided to give investors a nonbinding vote on executive compensation, something the firm long resisted. The "say-on-pay" proposal was applauded by corporate-governance groups. Goldman is the first big Wall Street firm to voluntarily put pay practices up for a vote.

"We really aren't deaf and blind," said Goldman Chief Financial Officer David Viniar in January, when the company released its 2009 results. "We see what is going on around us and on and we hear what regulators and the world is saying."

At J.P. Morgan, Mr. Dimon received no cash or equity bonus for 2008, and $28 million for 2007. Overall, executive compensation at J.P. Morgan is down an average of 41% from 2007.

The elimination of a cash bonus for Mr. Dimon this year, and strong restrictions and clawbacks for executive bonuses overall, reflect the bank's awareness of the public debate about compensation. To some extent, they are concessions to criticism of Wall Street pay.

Mr. Dimon's "bonus looks to be 'in-between' to me," said Nancy Bush of NAB Research. "A concession to Washington, but definitely not a 'bowing down.'" A spokesman for the company said though Mr. Dimon receives 100% of his incentive compensation in equity, other top executives at the bank will get about 75% of their bonuses in equity.

Goldman had a profit of $13.39 billion for 2009, while J.P. Morgan reported net income of $11.73 billion.

—Aaron Lucchetti contributed to this article.

Regulators push on small-business loans

By Michael R. Crittenden And Tom Barkley

WASHINGTON—Regulators Friday urged banks to continue lending to credit-worthy small businesses in the U.S., responding to growing criticism from Congress and the White House that regulators' aggressive postcrisis supervision is cutting off credit.

The Federal Reserve, Federal Deposit Insurance Corp. and other state and federal regulators in a joint statement said they were concerned about the contraction in lending to small businesses as banks respond to the financial crisis by tightening lending standards.

The regulators said they are working to "ensure that supervisory policies and actions do not inadvertently curtail the availability of credit to sound small-business borrowers."

Lawmakers and top administration officials have expressed concern that regulators who allowed lax underwriting leading up to the financial crisis now have moved too far in the other direction.

"It's the Fed regulators that have stopped the flow of money out of the community banks to the small-business person," Sen. Jim Bunning (R., Ky.) said at a hearing Tuesday.

Treasury Secretary Timothy Geithner, appearing at the same hearing, agreed with Mr. Bunning's assessment.

"I've heard the same thing, and I think that in many cases I'm sure those concerns are justified," Mr. Geithner said. "I think you need to keep this message very clear to those supervisors and examiners—they need to make sure that they are not making this problem worse."

The issue is a challenge for regulators who were criticized for doing the precise opposite—being too lenient on bank-underwriting practices—in the run-up to the financial crisis. With more than 550 banks on the FDIC's problem list, a key concern remains the number of banks still struggling.

Friday's statement said regulators won't discourage or criticize prudent small-business lending in examination reviews. They also will take a balanced approach in assessing risk-management practices. Examiners won't classify loans based only on a borrower's industry or geographic location.

The Obama administration is making a major push to provide support to small businesses as part of its jobs agenda, including programs designed to boost lending. The White House last week unveiled a plan to lend $30 billion to smaller banks that would include incentives to boost small-business lending.

China and India could cushion gold's drop

By Matt Whittaker

COMMODITIES MARKETS

The selloff in gold in recent days has brought the price of the metal closer to what some investors consider to be a rational level.

Though prices could fall more, there appears to be plenty of support for gold around $1,000 an ounce. The recent decline has cleared some of the short-term speculators out of the market, and could spur demand from buyers in India and China.

"At the very least, some degree of irrational exuberance will be shaved off by fear, and a corresponding degree of level-headed sobriety could come in and replace it," said Kitco Metals analyst Jon Nadler.

Gold futures for February delivery settled Friday at $1,052.20 an ounce. The contract declined nearly $60 in the final two sessions of the week, amid rising concerns about the health of the global economy and debt problems facing euro-zone countries. The latest move has coincided with a strengthening of the dollar, as investors move out of assets that are considered riskier.

Gold, which in recent months has been lumped into the risk-play basket, is off 14% from its record of $1,226.40 in December. Gold holdings of bullion-backed exchange-traded funds are down about a million ounces since December's peak.

Carlos Sanchez, associate director of research with commodity research and consultancy CPM Group, said gold may have support at $1,050 and then $1,020 and $1,000. He doesn't believe prices will fall below $1,000 until U.S. interest rates are raised or at least expectations of higher rates increase. Higher rates would likely boost the dollar, adding pressure to gold.

Another leg of support may come from consumer buying from India, the world's largest gold jewelry market. Such buying recently has helped the metal hold around $1,075, and the recent break below that may help increase the buying.

In addition to Indian buying, similar buying in China may pick up with this month's Lunar New Year holiday as some buyers have been waiting for a price drop.

Nick Barisheff, president and chief executive of Toronto-based Bullion Management Group, says there is some similarity in the current gold selloff to that in 2008.

Then, credit concerns prompted investors to sell gold in an unwinding of the yen carry trade, where investors borrowed low-interest yen to invest in other assets.

Now, Mr. Barisheff, whose firm manages the roughly $200 million BMG BullionFund, sees an unwinding of a similar U.S. dollar carry trade that has been fueled by low U.S. interest rates. With the dollar strengthening, he believes participants are beginning to unwind gold purchases they made with cheap dollars. But as in 2008, Mr. Barisheff believes, the gold selloff will be temporary as investors return to gold's traditional role as a safe-haven play.

MARKETS

Euro's slide looks poised to continue

By Fabio Alves

NEW YORK—The euro is likely to face further declines this week as concern over sovereign debt in Europe prompts investors to seek refuge in the perceived safety of the dollar and the yen.

Pressure on the common currency escalated last week, as worries about the soundness of debt issued by Greece spread to other fiscally stressed euro-zone nations, including Portugal and Spain.

CURRENCY MARKETS

Over the weekend, at a meeting of finance ministers of the Group of Seven leading economies in Iqaluit, Nunavut, in Canada, European leaders pledged to address public debt problems. "We expect and are confident that the Greek government will make all the necessary decisions," said Jean-Claude Trichet, the European Central Bank president.

Such statements may not be enough to prevent a renewed slide for the common currency. The euro's losses were about 1.5% against the dollar last week, bringing its year-to-date slide to 4.6%. Against the yen, the common currency dropped Friday to a near 12-month low.

"Until we see signs of acceptance by those [nations] that austerity measures need to be put in place to resolve the fiscal imbalances, the euro will continue to deteriorate," said Thanos Papasavvas, head of currency management at Investec Asset Management in London, which oversees about $60 billion.

Ballooning budget deficits in euro-zone countries threaten to hurt an economic recovery, forcing the ECB to keep interest rates low longer than anticipated, in contrast to expectations of quicker increases from the U.S. Federal Reserve.

Late Friday, the euro was at $1.3665 from $1.3741 late Thursday. The dollar was at 89.38 yen from 88.93 yen, while the euro was at 122.14 yen from 122.20 yen. The U.K. pound was at $1.5631 from $1.5753.

The G-7 finance ministers maintained the group's stance on currency markets. Citing a previous statement they made in October in Istanbul, they said they still want China "to move to a more flexible exchange rate" to help rectify imbalances between China and countries that have market-based currency rates.

The situation in Portugal, Greece and Spain "is likely to deteriorate further and this is going to raise other issues, including ... banks' balance-sheet problems," said Stephen Jen, who helps manage $1.5 billion at BlueGold Capital Management, a London-based hedge fund. "A meaningful turning point can only be established by an entity such as the [International Monetary Fund]."

Mr. Jen expects the euro to slide to a new trading range, between $1.30 and $1.35, in the short term.

Share selloff in Asia slams resource firms

By V. Phani Kumar And Colin Ng

Asian equity markets tumbled Friday as heavy losses on Wall Street and heightened concerns over European sovereign debt prompted a selloff across sectors.

Several regional indexes finished the week at this year's lowest point.

ASIAN-PACIFIC STOCKS

Japan's Nikkei Stock Average of 225 companies fell 2.9%—its biggest percentage drop in more than two months—closing at 10057.09.

"The concerns are global, with sovereign debt issues in Greece, Spain and Portugal affecting investor sentiment," said Marcus Droga, associate director of private wealth at Macquarie in Sydney.

Regionally, resources stocks were hit especially hard as commodities were dented by investors' move away from riskier assets and by renewed strength in the U.S. dollar.

In Sydney, **BHP Billiton** lost 3.5% and **Rio Tinto** sank 5%, while **Jiangxi Copper**'s Hong Kong-listed shares dropped 5.4%. **National Aluminum** fell 4.4% in Mumbai, and **Korea Zinc** fell 4.8% in Seoul. In Japan, **Pacific Metals** gave up 3.6%, while among commodity-trading houses, **Mitsui** skidded 4.6%.

In Tokyo, exporters fell sharply, with **Mazda Motor** dropping 4.9% and **Nintendo** falling 4.2%, while **Nissan Motor** lost 3.9%.

Toyota Motor added 1.1%, despite concerns it may have to extend its vehicle recall to its popular Prius hybrid model. Shares were boosted by its announcement Thursday that it swung into the black in the quarter ended December and now expects to post a profit for the full year. Toyota also raised its earnings forecast for the current fiscal year.

Elsewhere in the region, Hong Kong's Hang Seng Index fell 3.3% to 19665.08, its first finish below 20000 since September. Australia's S&P/ASX 200 shed 2.3% to 4514.1, South Korea's Kospi lost 3% to 1567.12, Taiwan's Taiex sank 4.3% to 7217.83 and China's Shanghai Composite fell 1.9% to 2939.40.

Energy producers also lost ground after crude-oil futures slid Thursday. Australia's **Woodside Petroleum** fell 3.9%.

FUND SCORECARD

Sector Equity Utilities

funds invest primarily in the equities of companies in the utilities sector. The sector includes electric, gas, and water companies, but not telecommunications or cable companies. funds invest at least 75% of total assets in equities, and invest at least 50% of equity assets in utility companies. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending February 05, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
NS	**Vontobel Tareno Water R1**	Vontobel Management S.A.	EUR	Luxembrg	**-1.46**	51.85	-2.61	NS
NS	**PowerShares Palisades Global Water Fund**	Invesco Powershares Capital Mgmt LLC	EUR	Ireland	**-6.01**	43.21	-12.08	NS
NS	**Swisscanto (LU) Equity Water Invest J**	Swisscanto (LU) EF Management Co. S.A.	EUR	Luxembrg	**-7.15**	39.68	-11.46	NS
5	**Ibercaja Utilities FI**	Ibercaja Gestión	EUR	Spain	**-6.84**	22.33	-8.11	8.81
4	**Fortis B Eq Utilities Europe Acc**	Fortis Investments (BE)	EUR	Belgium	**-5.97**	19.55	-16.54	7.04
3	**Montepio Euro Utilities**	Montepio Gestpo de Activos Financeiros	EUR	Portugal	**-7.72**	19.31	-16.33	NS
3	**Fortis L Equity Utilities Europe Acc**	Fortis Investments (BE)	EUR	Luxembrg	**-5.99**	18.86	-17.03	6.98
2	**Argenta Nutssector Europa**	Argenta Spaarbank N.V.	EUR	Luxembrg	**-6.12**	17.43	-16.55	7.19
4	**ICECAPITAL Glbl Utilities Energy A**	ICECAPITAL Rahastoyhtiö Oy	EUR	Finland	**-7.26**	17.06	-12.57	6.64
NS	**Picard Angst QuantVola Commodity**	IFM Independent Fund Management AG	USD	Liechtnstn	**-2.92**	16.81	-6.52	NS

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement

INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	02/04	EUR	49.20	-9.9	17.0	-26.5
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	02/04	USD	9.81	-5.4	29.9	-14.1
Am Eq Blend B	US	EQ	LUX	02/04	USD	9.21	-5.5	28.6	-15.0
Am Growth A	US	EQ	LUX	02/04	USD	28.94	-7.4	30.8	-4.5
Am Growth AX	US	EQ	LUX	02/04	USD	31.26	-7.3	31.6	-3.9
Am Growth B	US	EQ	LUX	02/04	USD	24.31	-7.4	29.5	-5.4
Am Growth C	US	EQ	LUX	02/04	USD	26.18	-7.4	30.3	-4.9
Am Growth I	US	EQ	LUX	02/04	USD	32.10	-7.3	31.9	-3.7
Am Income A	US	BD	LUX	02/04	USD	8.48	0.6	25.1	5.6
Am Income A2	US	BD	LUX	02/04	USD	19.25	1.1	25.6	5.8
Am Income A2	OT	OT	NA	02/04	HKD	149.58	1.1	25.6	5.8
Am Income AT	OT	OT	NA	02/04	HKD	65.74	1.1	25.5	5.8
Am Income AT	US	BD	LUX	02/04	USD	8.46	1.1	25.5	5.8
Am Income B	US	BD	LUX	02/04	USD	8.48	0.6	24.1	4.8
Am Income B2	US	BD	LUX	02/04	USD	16.58	1.0	24.8	5.0
Am Income B2	OT	OT	NA	02/04	HKD	128.83	1.0	24.8	5.0
Am Income BT	OT	OT	NA	02/04	HKD	66.13	0.6	24.2	4.8
Am Income BT	US	BD	LUX	02/04	USD	8.51	0.6	24.2	4.8
Am Income C	US	BD	LUX	02/04	USD	8.48	0.6	24.5	5.1
Am Income C2	US	BD	LUX	02/04	USD	24.66	1.1	25.1	5.3
Am Income I	US	BD	LUX	02/04	USD	8.48	0.6	25.8	6.2
Am Value A	US	EQ	LUX	02/04	USD	8.20	-3.9	17.0	-13.5
Am Value B	US	EQ	LUX	02/04	USD	7.54	-3.9	15.8	-14.3
Am Value C	US	EQ	LUX	02/04	USD	8.20	-3.9	16.6	-13.8
Am Value I	US	EQ	LUX	02/04	USD	8.83	-3.8	18.0	-12.8
Emg Mkts Debt A	GL	BD	LUX	02/04	USD	15.45	-0.7	40.7	7.0
Emg Mkts Debt A2	GL	BD	LUX	02/04	USD	20.08	-0.1	41.6	7.4
Emg Mkts Debt AT	GL	BD	LUX	02/04	USD	15.50	-0.6	40.9	7.1
Emg Mkts Debt B	GL	BD	LUX	02/04	USD	15.45	-0.7	39.5	6.0
Emg Mkts Debt B2	GL	BD	LUX	02/04	USD	19.32	-0.2	40.2	6.3
Emg Mkts Debt BT	GL	BD	LUX	02/04	USD	15.48	-0.6	39.6	6.0
Emg Mkts Debt C	GL	BD	LUX	02/04	USD	15.45	-0.7	40.1	6.6
Emg Mkts Debt C2	GL	BD	LUX	02/04	USD	19.73	-0.2	40.9	6.9
Emg Mkts Debt I	GL	BD	LUX	02/04	USD	15.45	-0.7	41.3	7.6
Emg Mkts Growth A	GL	EQ	LUX	02/04	USD	31.58	-8.9	67.5	-14.0
Emg Mkts Growth B	GL	EQ	LUX	02/04	USD	26.74	-9.0	65.9	-14.9
Emg Mkts Growth C	GL	EQ	LUX	02/04	USD	27.36	-8.9	66.8	-14.4
Emg Mkts Growth I	GL	EQ	LUX	02/04	USD	35.03	-8.8	68.9	-13.3
Eur Growth A	OT	OT	LUX	02/04	USD	9.27	-4.0	22.7	-15.4
Eur Growth A	OT	OT	LUX	02/04	EUR	6.75	-4.0	22.7	-15.4
Eur Growth B	OT	OT	LUX	02/04	EUR	6.06	-4.1	21.4	-16.2
Eur Growth B	OT	OT	LUX	02/04	USD	8.32	-4.1	21.4	-16.2
Eur Growth C	EU	EQ	LUX	02/04	EUR	5.11	-4.1	22.0	-15.8
Eur Growth I	OT	OT	LUX	02/04	USD	10.10	-4.0	23.5	-14.7
Eur Growth I	OT	OT	LUX	02/04	EUR	7.36	-4.0	23.5	-14.7
Eur Income A	OT	OT	LUX	02/04	EUR	6.71	1.7	40.8	5.7
Eur Income A	OT	OT	LUX	02/04	USD	9.21	1.7	40.8	5.7
Eur Income A2	OT	OT	LUX	02/04	EUR	13.16	2.3	41.7	6.0
Eur Income A2	OT	OT	LUX	02/04	USD	18.07	2.3	41.7	6.0
Eur Income AT	EU	BD	LUX	02/04	EUR	6.70	2.3	41.6	5.9
Eur Income B	OT	OT	LUX	02/04	EUR	6.71	1.7	40.1	5.0
Eur Income B	OT	OT	LUX	02/04	USD	9.21	1.7	40.1	5.0
Eur Income B2	OT	OT	LUX	02/04	EUR	12.23	2.2	40.6	5.2
Eur Income B2	OT	OT	LUX	02/04	USD	16.79	2.2	40.6	5.2
Eur Income BT	EU	BD	LUX	02/04	EUR	6.70	1.7	39.9	4.9
Eur Income C	OT	OT	LUX	02/04	EUR	6.71	1.7	40.4	5.2
Eur Income C	OT	OT	LUX	02/04	USD	9.21	1.7	40.4	5.2
Eur Income C2	OT	OT	LUX	02/04	USD	13.11	2.2	41.0	5.4
Eur Income C2	OT	OT	LUX	02/04	USD	18.00	2.2	41.0	5.4
Eur Income I	OT	OT	LUX	02/04	EUR	6.71	1.7	41.4	6.2
Eur Income I	OT	OT	LUX	02/04	USD	9.21	1.7	41.4	6.2
Eur Strat Value A	OT	OT	LUX	02/04	EUR	8.17	-4.2	23.4	-18.6
Eur Strat Value A	OT	OT	LUX	02/04	USD	11.22	-4.2	23.4	-18.6
Eur Strat Value I	OT	OT	LUX	02/04	EUR	8.37	-4.2	24.4	-17.9
Eur Strat Value I	OT	OT	LUX	02/04	USD	11.49	-4.2	24.4	-17.9
Eur Value A	OT	OT	LUX	02/04	EUR	8.75	-4.9	27.0	-15.6
Eur Value A	OT	OT	LUX	02/04	USD	12.01	-4.9	27.0	-15.6
Eur Value B	OT	OT	LUX	02/04	USD	11.04	-5.0	25.6	-16.5
Eur Value B	OT	OT	LUX	02/04	EUR	8.04	-5.0	25.6	-16.5
Eur Value C	OT	OT	LUX	02/04	USD	11.61	-4.8	26.5	-16.0
Eur Value C	OT	OT	LUX	02/04	EUR	8.46	-4.8	26.5	-16.0
Eur Value I	OT	OT	LUX	02/04	USD	13.89	-4.7	28.1	-14.9
Eur Value I	OT	OT	LUX	02/04	EUR	10.12	-4.7	28.1	-14.9
Gl Balanced (Euro) A	OT	OT	LUX	02/04	USD	15.36	-2.4	22.2	-10.4
Gl Balanced (Euro) B	OT	OT	LUX	02/04	USD	14.95	-2.5	21.0	-11.3
Gl Balanced (Euro) C	OT	OT	LUX	02/04	USD	15.25	-2.4	22.0	-10.6
Gl Balanced (Euro) I	OT	OT	LUX	02/04	USD	15.66	-2.3	NS	NS
Gl Balanced A	US	BA	LUX	02/04	USD	15.87	-3.7	26.7	-10.7
Gl Balanced B	US	BA	LUX	02/04	USD	15.08	-3.8	25.5	-11.5
Gl Balanced C	OT	OT	LUX	02/04	USD	15.63	-3.8	26.4	-10.9
Gl Balanced C	OT	OT	LUX	02/04	EUR	11.39	-3.8	26.4	-10.9
Gl Balanced I	US	BA	LUX	02/04	USD	16.47	-3.6	27.6	-10.0
Gl Bond A	US	BD	LUX	02/04	USD	9.35	1.2	15.7	4.5
Gl Bond A2	US	BD	LUX	02/04	USD	16.26	1.6	16.1	4.7
Gl Bond A2	OT	OT	NA	02/04	HKD	126.35	1.6	16.1	4.7
Gl Bond AT	OT	OT	LUX	02/04	HKD	72.50	1.2	15.6	4.5
Gl Bond AT	US	BD	LUX	02/04	USD	9.33	1.2	15.6	4.5
Gl Bond B	US	BD	LUX	02/04	USD	9.35	1.2	14.7	3.5
Gl Bond B2	US	BD	LUX	02/04	USD	14.23	1.5	14.9	3.6
Gl Bond B2	OT	OT	NA	02/04	HKD	110.57	1.5	14.9	3.6
Gl Bond BT	OT	OT	LUX	02/04	HKD	72.81	1.2	14.6	3.5
Gl Bond BT	US	BD	LUX	02/04	USD	9.37	1.2	14.6	3.5
Gl Bond C	US	BD	LUX	02/04	USD	9.35	1.2	15.2	4.0
Gl Bond C2	US	BD	LUX	02/04	USD	14.10	1.5	15.6	4.2
Gl Bond I	US	BD	LUX	02/04	USD	9.35	1.2	16.3	5.1
Gl Conservative A	US	BA	LUX	02/04	USD	14.69	-1.2	18.4	-4.0
Gl Conservative A2	US	BA	LUX	02/04	USD	16.72	-1.2	18.3	-4.0
Gl Conservative B	US	BA	LUX	02/04	USD	14.66	-1.3	17.1	-5.0
Gl Conservative B2	US	BA	LUX	02/04	USD	15.87	-1.4	17.1	-5.0
Gl Conservative C	US	BA	LUX	02/04	USD	14.67	-1.3	17.8	-4.4
Gl Conservative C2	US	BA	LUX	02/04	USD	16.34	-1.3	17.7	-4.5
Gl Conservative I	US	BA	LUX	02/04	USD	14.76	-1.2	19.3	-3.3
Gl Eq Blend A	GL	EQ	LUX	02/04	USD	10.83	-7.1	32.6	-21.1
Gl Eq Blend B	GL	EQ	LUX	02/04	USD	10.15	-7.3	31.1	-21.9
Gl Eq Blend C	GL	EQ	LUX	02/04	USD	10.63	-7.2	31.9	-21.5
Gl Eq Blend I	GL	EQ	LUX	02/04	USD	11.43	-7.1	33.7	-20.5
Gl Growth A	GL	EQ	LUX	02/04	USD	38.76	-7.5	28.6	-22.0
Gl Growth B	GL	EQ	LUX	02/04	USD	32.33	-7.6	27.4	-22.7
Gl Growth C	GL	EQ	LUX	02/04	USD	37.18	-7.5	28.1	-22.3
Gl Growth I	GL	EQ	LUX	02/04	USD	43.07	-7.4	29.7	-21.3
Gl High Yield A	US	BD	LUX	02/04	USD	4.36	0.7	56.0	5.4
Gl High Yield A2	US	BD	LUX	02/04	USD	9.39	1.4	57.0	5.7
Gl High Yield A2	OT	OT	NA	02/04	HKD	72.96	1.4	57.0	5.7
Gl High Yield AT	OT	OT	NA	02/04	HKD	33.49	1.4	56.7	5.6
Gl High Yield AT	US	BD	LUX	02/04	USD	4.31	1.4	56.7	5.6
Gl High Yield B	US	BD	LUX	02/04	USD	4.36	0.7	54.2	4.2
Gl High Yield B2	US	BD	LUX	02/04	USD	15.08	1.3	55.5	4.6
Gl High Yield B2	OT	OT	NA	02/04	HKD	117.18	1.3	55.5	4.6
Gl High Yield BT	OT	OT	NA	02/04	HKD	34.11	0.7	54.7	4.3
Gl High Yield BT	US	BD	LUX	02/04	USD	4.39	0.7	54.7	4.3
Gl High Yield C	US	BD	LUX	02/04	USD	4.36	0.7	55.2	4.9
Gl High Yield C2	US	BD	LUX	02/04	USD	13.91	1.4	56.3	5.2
Gl High Yield I	US	BD	LUX	02/04	USD	4.36	0.7	57.0	6.1
Gl Thematic Res. A	OT	OT	LUX	02/04	USD	13.63	-7.5	64.6	-2.8
Gl Thematic Res. B	OT	OT	LUX	02/04	USD	11.92	-7.5	63.1	-3.8
Gl Thematic Res. I	OT	OT	LUX	02/04	USD	15.21	-7.4	65.9	-2.0
Gl Value A	GL	EQ	LUX	02/04	USD	10.39	-6.7	36.9	-20.3
Gl Value B	GL	EQ	LUX	02/04	USD	9.53	-6.9	35.4	-21.1
Gl Value C	GL	EQ	LUX	02/04	USD	10.09	-6.8	36.2	-20.7
Gl Value I	GL	EQ	LUX	02/04	USD	11.05	-6.8	37.8	-19.7
Greater China A	AS	EQ	LUX	02/04	USD	36.49	-8.8	51.1	-14.7
Greater China B	AS	EQ	LUX	02/04	USD	32.26	-8.9	49.6	-15.6
Greater China C	AS	EQ	LUX	02/04	USD	36.01	-8.9	50.4	-15.1
India Growth A	OT	OT	LUX	02/04	USD	121.25	-4.5	NS	NS
India Growth AX	OT	OT	LUX	02/04	USD	106.02	-4.4	84.1	-7.0
India Growth B	OT	OT	LUX	02/04	USD	126.90	-4.6	NS	NS
India Growth BX	OT	OT	LUX	02/04	USD	90.54	-4.5	82.2	-7.9
India Growth I	EA	EQ	LUX	02/04	USD	109.92	-4.4	84.9	-6.6
Int'l Health Care A	OT	EQ	LUX	02/04	USD	135.15	-1.7	15.8	-7.4
Int'l Health Care B	OT	EQ	LUX	02/04	USD	113.89	-1.8	14.6	-8.3
Int'l Health Care C	OT	EQ	LUX	02/04	USD	129.47	-1.7	15.2	-7.8
Int'l Health Care I	OT	EQ	LUX	02/04	USD	147.77	-1.6	16.7	-6.7
Int'l Technology A	OT	EQ	LUX	02/04	USD	100.50	-8.9	41.1	-8.5
Int'l Technology B	OT	EQ	LUX	02/04	USD	87.00	-9.0	39.7	-9.4
Int'l Technology C	OT	EQ	LUX	02/04	USD	97.08	-9.0	40.5	-8.9
Int'l Technology I	OT	EQ	LUX	02/04	USD	112.77	-8.9	42.2	-7.8
Japan Eq Blend A	JP	EQ	LUX	02/04	JPY	5966.00	-1.0	23.0	-19.3
Japan Eq Blend B	JP	EQ	LUX	02/04	JPY	5751.00	-1.1	21.8	-20.1
Japan Eq Blend C	JP	EQ	LUX	02/04	JPY	5868.00	-1.0	22.4	-19.6
Japan Growth A	JP	EQ	LUX	02/04	JPY	5702.00	-2.9	14.1	-20.4
Japan Growth B	JP	EQ	LUX	02/04	JPY	5497.00	-3.0	13.0	-21.1
Japan Growth C	JP	EQ	LUX	02/04	JPY	5609.00	-3.0	13.6	-20.7
Japan Strat Value A	JP	EQ	LUX	02/04	JPY	6187.00	1.1	31.9	-18.6
Japan Strat Value B	JP	EQ	LUX	02/04	JPY	5971.00	1.0	30.6	-19.4
Japan Strat Value C	JP	EQ	LUX	02/04	JPY	6082.00	1.1	31.3	-19.0
Real Estate Sec. A	OT	EQ	LUX	02/04	USD	13.32	-7.2	44.5	-17.1
Real Estate Sec. B	OT	EQ	LUX	02/04	USD	12.17	-7.2	43.2	-18.0
Real Estate Sec. I	OT	EQ	LUX	02/04	USD	14.33	-7.1	45.6	-16.5
Short Mat Dollar A	US	BD	LUX	02/04	USD	7.28	0.1	13.6	-5.3
Short Mat Dollar A2	US	BD	LUX	02/04	USD	9.83	0.4	13.9	-5.2
Short Mat Dollar AT	US	BD	LUX	02/04	USD	7.26	0.1	13.5	-5.3
Short Mat Dollar B	US	BD	LUX	02/04	USD	7.28	0.1	13.2	-5.7
Short Mat Dollar B2	US	BD	LUX	02/04	USD	9.78	0.4	13.5	-5.6
Short Mat Dollar BT	OT	OT	LUX	02/04	USD	7.28	0.1	NS	-6.0
Short Mat Dollar C	US	BD	LUX	02/04	USD	7.28	0.1	13.2	-5.7
Short Mat Dollar C2	US	BD	LUX	02/04	USD	13.83	0.4	13.5	-5.6
Short Mat Dollar I	US	BD	LUX	02/04	USD	7.28	0.1	14.2	-4.8

Advertisement

[ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	12/31	USD	1691.35	74.6	74.6	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	02/03	USD	101.90	1.9	23.8	21.4
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	11/30	USD	96.31	14.7	11.9	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	11/30	USD	113.20	10.2	10.7	-29.6
Platinm-Emancipation	OT	OT	USA	11/30	USD	90.86	21.4	24.1	-9.4
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	11/30	SEK	612.68	12.3	10.4	-17.0
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	11/30	USD	57.51	NS	NS	-33.7
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	02/02	USD	33.22	-18.5	-60.6	-14.5
Superfund GCT USD*	GL	EQ	LUX	02/02	USD	1943.00	-11.5	-51.2	-8.8
Superfund Green Gold A (SPC)	OT	OT	CYM	02/02	USD	893.00	-7.4	-26.8	-2.8
Superfund Green Gold B (SPC)	OT	OT	CYM	02/02	USD	824.61	-11.9	-41.9	-8.9
Superfund Q-AG*	OT	OT	AUT	02/02	EUR	6043.00	-8.7	-31.6	-2.3
■ WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	12/31	EUR	945.08	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	12/31	GBP	949.08	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	12/31	USD	1199.12	-5.4	-5.4	2.0
Winton Futures EUR Cls C	OT	OT	VGB	12/31	EUR	196.82	-4.4	-4.4	7.7
Winton Futures GBP Cls D	OT	OT	VGB	12/31	GBP	212.85	-4.1	-4.1	8.7
Winton Futures JPY Cls E	OT	OT	VGB	12/31	JPY	13885.82	-5.9	-5.9	5.0
Winton Futures USD Cls B	OT	OT	VGB	12/31	USD	699.39	-4.6	-4.6	7.4
■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	02/05	EUR	47.77	-8.4	30.7	-10.0
Industria AE	EU	EQ	DEU	02/05	EUR	67.85	-5.1	25.8	-14.9
InternRent AE	EU	BD	DEU	02/05	EUR	37.17	5.5	3.0	10.6
■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	01/29	USD	272481.56	-0.7	107.7	7.0

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Euro-zone debt ills could lift Treasurys

By Kelly Nolan

Sovereign-debt concerns plaguing some European countries could further lift the Treasury market this week, but gains may be tempered as market participants make room for another round of government-debt sales.

Worries about the dismal fiscal situations of Greece, Spain and Portugal have quelled investors' appetite for risk in recent days, driving them toward lower-risk investments such as U.S. government debt and the dollar. Investors fret that the problems surrounding those countries could become more widespread across Europe, and the ensuing sell-off in the latter part of the week hit almost every asset class across the globe.

U.S. CREDIT MARKETS

Treasurys pushed higher Friday, as benchmark two- and 10-year yields hit their lowest mark since late December. Prices and yields move in opposite directions.

"What the last couple of weeks have proven undeniably is the U.S. remains the safe-haven investment," said Joe Balestrino, fixed-income market strategist for Federated Investors, which has $32 billion in fixed-income assets under management. "Risk is back off in the marketplace."

With the U.S. expected to issue a record amount of debt this year, market participants will also keep an eye on how this week's $81 billion sale of new Treasurys is received. The government will sell $40 billion in three-year notes, $25 billion in 10-year notes and $16 billion in 30-year Treasurys this week as part of its February refunding package. That $81 billion amount matched the last refunding auction in November.

In addition, the government will offer a total of $77 billion in short-term bills this week.

The government debt-sale forecast for this year is more than $2 trillion. Even so, market participants expect this week's big auctions to go fairly well, as other auctions this year have been well-received.

In Friday's session, long-term Treasurys were lagging behind the rally, as investors readied for the 10-year and 30-year sales. That should make them more attractive at the auctions, said Ian Lyngen, senior government bond strategist at CRT Capital Group LLC.

As with previous Treasury sales, investors will keep a close eye on auction statistics following a recent shift in bidding behavior. In recent months, the number of bids in auctions outside the primary-dealer system, the direct bids, has increased in some auctions.

Market participants expect the number of these types of bids to be robust in coming auctions.

Russia hires four banks for bond sale

By Ira Iosebashvili And William Mauldin

MOSCOW—The Russian Finance Ministry, preparing for its first Eurobond sale since 1998, said it has hired investment banks with a strategy for limiting the yield on Russian debt, even as analysts cautioned that the sheer size of the planned issue will eventually boost the yield relative to debt from developed economies.

"We went with banks which had a more aggressive strategy focused on lowering spreads" by several tenths of a percentage point, Deputy Finance Minister Dmitry Pankin told reporters Friday.

The ministry said it chose **Citigroup** Inc., **Barclays** PLC, **Credit Suisse Group** AG and local firm **VTB Capital** to organize the Eurobond sale. The investment banks will be paid 0.5% of the total issue.

The bonds, denominated in dollars or euros, will include more than one tranche, the first of which will appear sometime this year and as early as two months from now, depending on market conditions, Mr. Pankin said. The total will be less than the maximum of $17.8 billion identified earlier, he said, and the maturity of the bonds will be decided this week.

The country will probably meet with investors in what bankers call a roadshow, he said.

—Claire Connaghan in London contributed to this article.

Bank of Baroda ditches bond, may affect others

By Bijou George And Napur Acharya

Bank of Baroda walked away from a dollar-denominated bond sale Friday, an unusual move that could complicate efforts by other Indian banks to get international debt deals done.

"Bank of Baroda has chosen not to proceed with a bond transaction at this time," said an email sent by banks managing the planned deal. "We would like to thank bond investors for their focus and time."

BOND MARKETS

R.K. Bakshi, an executive director at Bank of Baroda, said the lender had postponed the issue because "markets have moved a lot" and the bank was "waiting for the right pricing." Mr. Bakshi said the bank had planned to raise $300 million to $500 million from the sale.

But some people familiar with the matter blamed an unrealistic price target for the deal's halt.

"There was a price guidance out there in the market," said a person involved in the deal. "There was a trade available at the tight end of that guidance, a successful trade, and the company decided not to take the money."

Mr. Bakshi said the bank, which is rated at the lower end of investment grade, "had not given any guidance," although the banks in charge of the bond sale may have had informal conversations with investors. Talk in the market was considerably above terms recently paid by other Indian borrowers, and the bank was in no rush to raise funds, he said. "Why price the bond you're going to have for five years on a bad day?" he said.

Bond issuers will sometimes suspend a sale if markets suddenly weaken and investors flee risk, as they did overnight; Wall Street shares tumbled sharply on concerns about European sovereign debt and U.S. unemployment. But it is rare for an issuer to pull a bond when investors are willing to buy within the range of the issuer's guidance.

Some bankers and investors worry that Bank of Baroda's move might damp investors appetite for Indian bank debt, traditionally well-liked because of its scarcity value. Other state-run Indian lenders planning an overseas bond sale include **Union Bank of India**, **Bank of India** and **IDBI Bank**.

Bank of India, which aims to sell as much as $500 million of five-year debt, was to wrap up meetings with prospective investors Monday. However, bankers involved in the deal said a sale looks unlikely given Bank of Baroda's move. Two Bank of India officials said the bank was in no hurry to raise funds.

Japanese bonds

Yields on Japanese government bonds fell, but buying was limited ahead of the key U.S. jobs data released later in the day. The benchmark 10-year yield eased 0.005 percentage point to 1.37%.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

GAM

■ GAM FUND MANAGEMENT LIMITED
George's Court, 54-62 Townsend Street, Dublin 2, Ireland
Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	01/29	USD	1281.74	3.1	26.0	-6.3
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	02/01	JPY	14022.33	-9.7	59.1	2.5
GAM Asia Equity Hedge US	OT	OT	VGB	02/01	USD	261.70	-9.9	59.8	3.9
GAM Asia Equity USD	OT	OT	VGB	02/04	USD	609.20	-6.8	61.8	-10.7
GAM Asia-Pacific Eq USD	OT	OT	VGB	02/02	USD	1276.23	-0.5	28.0	-12.3
GAM Com Glb Bal EUR Op	US	BA	VGB	01/29	EUR	95.18	-0.9	18.6	-6.9
GAM Com Glb Bal USD Op	US	BA	VGB	01/29	USD	126.69	-0.9	18.6	-6.9
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	01/29	EUR	96.36	-3.0	27.9	-12.8
GAM Comp Glb Eq USD Op	GL	EQ	VGB	01/29	USD	123.73	-3.0	27.9	-12.8
GAM Comp Glb Gr EUR Op	US	BA	VGB	01/29	EUR	85.73	-2.1	20.1	-10.4
GAM Comp Glb Gr USD Op	US	BA	VGB	01/29	USD	124.45	-2.1	20.1	-10.4
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	01/29	USD	233.71	-6.0	36.8	-9.1
GAM Cross Trading Inc	OT	OT	VGB	01/29	USD	463.36	-0.5	3.9	4.2
GAM Diversity CHF Op	OT	OT	VGB	01/29	CHF	93.70	-0.6	3.1	-6.1
GAM Diversity EUR Op	OT	OT	VGB	01/29	EUR	644.42	-0.6	3.8	-4.6
GAM Diversity USD 2.5XL	OT	OT	VGB	01/29	USD	77.01	-1.6	6.6	-17.7
GAM Diversity USD Op	OT	OT	VGB	01/29	USD	676.99	-0.6	3.8	-5.1
GAM Dvrsty II CHF Op	OT	OT	VGB	01/29	CHF	98.76	-0.7	2.4	-5.9
GAM Dvrsty II EUR Op	OT	OT	VGB	01/29	EUR	137.79	-0.7	3.2	-4.8
GAM Dvrsty II USD Op	OT	OT	VGB	01/29	USD	208.73	-0.7	3.0	-5.2
GAM DvrstyIII EUR Op	OT	OT	VGB	01/29	EUR	114.71	-0.7	3.1	-5.0
GAM DvrstyIII USD Op	OT	OT	VGB	01/29	USD	121.15	-0.7	3.3	-5.1
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	02/01	EUR	220.65	0.8	12.9	-2.7
GAM Euro Eq Hdg USD Op	OT	OT	VGB	02/01	USD	204.82	0.7	14.0	-1.2
GAM European Equity USD	OT	OT	VGB	02/04	USD	268.94	-4.8	33.0	-12.5
GAM GAMCO	OT	EQ	VGB	02/02	USD	796.10	-1.8	42.9	-8.4
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	02/01	EUR	97.35	-0.5	13.8	-14.8
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	02/01	USD	102.72	-0.4	14.3	-14.1
GAM Gbl Divers USD Inc.	GL	EQ	VGB	02/01	USD	252.25	1.0	35.2	-4.4
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	02/01	USD	258.13	-10.0	95.3	15.1
GAM Intrst Trend II	GL	BD	VGB	01/29	USD	102.96	9.4	60.6	-4.7
GAM Intrst Trend Inc	OT	OT	VGB	01/29	USD	274.21	9.0	76.3	-2.6
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	02/01	EUR	121.44	4.1	10.8	-2.6
GAM Japan Eq Hdg USD Op	OT	OT	VGB	02/01	USD	125.40	2.8	16.4	-15.7
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	02/01	JPY	8634.94	2.7	16.7	-14.7
GAM Japan USD	JP	EQ	VGB	02/04	USD	1135.60	3.0	18.0	-13.8
GAM Japan YEN	JP	EQ	VGB	02/04	JPY	8933.98	1.2	21.3	-19.5
GAM Money Mkt EuroOp	EU	MM	VGB	02/04	EUR	51.15	0.1	0.2	1.5
GAM Money Mkt USD	US	MM	VGB	02/03	USD	100.01	0.1	0.0	0.7
GAM Multi-Arb EUR Op	OT	OT	VGB	01/29	EUR	111.88	0.6	0.6	-8.6
GAM Multi-Arb USD Op	OT	OT	VGB	01/29	USD	116.76	0.6	0.8	-9.0
GAM Multi-China EUR Op	OT	OT	VGB	01/29	EUR	161.24	-4.0	7.9	-6.3
GAM Multi-China USD Op	OT	OT	VGB	01/29	USD	169.83	-3.8	8.7	-6.9
GAM Multi-Emer Mkts GBP	OT	OT	VGB	01/29	GBP	129.74	-1.3	24.0	-0.2
GAM Multi-Emer Mkts USD	OT	OT	VGB	01/29	USD	642.13	-1.4	24.0	-0.7
GAM Multi-Eur EUR Op	OT	OT	VGB	01/29	EUR	267.33	-0.6	5.5	-7.0
GAM Multi-Eur II EUR Op	OT	OT	VGB	01/29	EUR	137.55	-0.6	5.5	-7.0
GAM Multi-Eur II USD Op	OT	OT	VGB	01/29	USD	112.47	-0.5	5.2	-8.1
GAM Multi-Eur USD Op	OT	OT	VGB	01/29	USD	465.05	-0.6	5.3	-8.0
GAM Multi-Nth Am EUR Special	OT	OT	VGB	01/29	EUR	133.17	-0.6	9.4	-1.6
GAM Multi-Nth Am USD Special	OT	OT	VGB	01/29	USD	216.83	-0.6	10.3	-1.8
GAM Multi-Pac EUR Op	GL	EQ	VGB	01/29	EUR	140.30	-2.2	2.0	-3.0
GAM Multi-Pac USD Op	OT	OT	VGB	01/29	USD	162.00	-2.1	2.2	-3.3
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	01/29	USD	2661.43	0.9	63.5	11.4
GAM Sing/Malaysia	AS	EQ	VGB	02/04	USD	2364.43	-6.4	54.2	-10.2
GAM Sterling Spe Bd Inc	OT	OT	VGB	02/01	GBP	238.93	3.9	47.8	5.1
GAM Trading EUR Inc	OT	OT	VGB	01/29	EUR	323.33	-0.6	3.4	5.3
GAM Trading USD Inc	OT	OT	VGB	01/29	USD	967.86	-0.5	3.7	4.7
GAM Trdg II IncEUR Op	OT	OT	VGB	01/29	EUR	138.29	-0.6	3.2	5.2
GAM Trdg II IncUSD Op	OT	OT	VGB	01/29	USD	314.27	-0.5	3.8	4.7
GAM Trdg IV IncEUR Op	OT	OT	VGB	01/29	EUR	145.89	-0.6	3.0	4.9
GAM Trdg IV IncUSD Op	OT	OT	VGB	01/29	USD	153.64	-0.6	3.5	4.5
GAM Trdg V IncEUR Op	OT	OT	VGB	01/29	EUR	123.71	-0.6	3.0	4.8
GAM Trdg V IncUSD Op	OT	OT	VGB	01/29	USD	128.91	-0.5	3.4	4.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	01/29	EUR	156.01	-0.6	3.1	5.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	01/29	USD	161.61	-0.6	3.5	4.6
GAM USDSpecBondInc	US	BD	VGB	02/01	USD	556.65	5.0	81.7	8.9
GAM Worldwide	GL	EQ	VGB	02/03	USD	2132.98	-4.1	35.5	-9.8
GAMut Investments	OT	OT	VGB	01/31	USD	7606.51	0.3	1.5	7.3

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	02/04	CHF	10.58	-4.0	50.6	-10.7
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	02/04	EUR	11.57	-3.2	55.2	-5.6
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	02/04	GBP	1.50	-4.5	50.5	1.8
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	02/04	USD	12.48	-6.1	66.0	-8.3
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	02/04	EUR	103.19	1.9	24.6	-9.4
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	02/04	EUR	99.87	1.9	24.6	-9.4
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	02/04	EUR	10.49	-1.7	27.8	-7.0
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	02/04	EUR	175.63	-1.7	26.6	-9.8
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	02/04	EUR	160.48	-1.7	26.5	-9.8
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	02/04	USD	14.70	-4.7	35.2	-12.4
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	02/04	USD	13.33	-4.7	35.2	-12.4
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	02/03	USD	5.48	-0.1	40.9	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	02/04	EUR	92.89	5.1	17.6	-7.8
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	02/04	EUR	92.89	5.1	17.6	-7.8
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	02/04	JPY	932.27	2.4	25.9	-17.6
GAMStar-JpnEq USD Acc	JP	EQ	IRL	02/04	USD	11.46	3.3	20.9	-12.6
GAMStar-World EqUSD Acc	GL	EQ	IRL	02/04	USD	2090.97	-4.0	36.5	-9.3

LIST YOUR FUNDS

In print & online. Contact:
carson.wong@dowjones.com

THE WALL STREET JOURNAL. ASIA
PRINT • ONLINE • MOBILE

Manulife WEALTH MANAGEMENT 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110
Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	02/05	USD	14.41	-5.7	25.5	-12.2
American Growth AA	US	EQ	LUX	02/05	USD	0.83	-5.7	25.2	-8.9
Asian Equity	AS	EQ	LUX	02/05	USD	2.22	-9.6	58.4	-10.7
Asian Equity AA	AS	EQ	LUX	02/05	USD	0.71	-9.6	57.8	-11.0
Asian Sm Cap Equity AA	AS	EQ	LUX	02/05	USD	1.09	-5.7	87.0	-4.3
China Value A	AS	EQ	LUX	02/05	USD	6.33	-11.0	52.8	-7.9
China Value AA	AS	EQ	LUX	02/05	USD	1.99	-11.0	52.5	-8.2
Dragon Growth	AS	EQ	LUX	02/05	USD	1.48	-9.9	56.9	-10.6
Dragon Growth AA	OT	OT	LUX	02/05	HKD	7.21	-9.7	56.7	-11.5
Emg Eastrn Europe A	EU	EQ	LUX	02/05	USD	4.36	-5.5	114.6	-16.8
Emg Eastrn Europe AA	EU	EQ	LUX	02/05	USD	1.88	-5.5	114.3	-17.0
European Growth	EU	EQ	LUX	02/05	USD	8.24	-10.0	41.5	-18.0
European Growth AA	EU	EQ	LUX	02/05	USD	0.59	-10.0	41.2	-18.2
Global Contrarain AA	GL	EQ	LUX	02/05	USD	0.87	-1.1	87.0	NS
Global Property AA	OT	EQ	LUX	02/05	USD	0.63	-6.7	55.8	-14.8
Global Resources AA	OT	EQ	LUX	02/05	USD	0.97	-10.2	34.1	-16.1
Healthcare AA	OT	EQ	LUX	02/05	USD	0.92	-2.5	11.8	NS
India Equity AA	EA	EQ	LUX	02/05	USD	0.99	-10.1	71.0	-19.0
International Growth	GL	EQ	LUX	02/05	USD	2.86	-6.2	21.7	-15.2
International Growth AA	GL	EQ	LUX	02/05	USD	0.66	-6.3	21.4	-15.4
Japanese Growth	JP	EQ	LUX	02/05	USD	2.76	0.3	16.6	-11.5
Japanese Growth AA	JP	EQ	LUX	02/05	USD	0.73	0.9	17.1	-11.4
Latin America Equity AA	GL	EQ	LUX	02/05	USD	1.15	-10.8	81.7	-7.7
Manulife GF Strategic Income Fund AA	OT	OT	NA	02/05	USD	1.00	0.1	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	02/04	USD	1.11	-2.4	NS	NS
Russia Equity AA	EE	EQ	LUX	02/05	USD	0.63	1.5	157.7	-20.4
Taiwan Equity AA	AS	EQ	LUX	02/05	USD	0.95	-12.4	75.9	-1.1
Turkey Equity AA	EE	EQ	LUX	02/05	USD	0.74	3.8	135.8	-4.1
U.S. Bond AA	US	BD	LUX	02/05	USD	1.13	1.8	19.0	7.5
U.S. Sm Cap Equity AA	US	EQ	LUX	02/05	USD	0.82	0.1	69.3	-9.9
U.S. Special Opportunities	OT	OT	LUX	02/05	USD	0.83	2.4	91.2	2.8
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	02/05	USD	1.15	1.4	10.0	2.0

■ PT CIPTADANA ASSET MANAGEMENT
Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	01/27	USD	127.58	0.2	121.1	2.5

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED
www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	02/04	USD	7.79	-2.9	88.2	-4.2

SOCIETE GENERALE
Asset Management

■ SG ASSET MANAGEMENT (HK) LTD
Hotline in Hong Kong 2166 5099
A company of Amundi Group
www.sgam.com

Bonds Eur Hi Yld A	OT	OT	LUX	02/03	EUR	21.24	3.2	53.6	3.3
Bonds EURO A	OT	OT	LUX	02/03	EUR	41.20	0.4	5.6	4.3
Bonds EUROPE A	OT	OT	LUX	02/03	EUR	39.39	0.7	5.1	4.0
Bonds US OppsCoreplus A	OT	OT	LUX	02/03	USD	37.41	1.4	16.0	7.9
Bonds World A	OT	OT	LUX	02/03	USD	41.69	-0.7	8.8	3.8
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	02/04	USD	9.69	-7.0	66.7	-11.4
Eq. China A	AS	EQ	LUX	02/04	USD	21.91	-9.2	57.2	-12.6
Eq. Concentrated Euroland A	OT	OT	LUX	02/03	EUR	89.57	-3.6	21.5	-16.2
Eq. ConcentratedEuropeA	EU	EQ	LUX	02/03	EUR	26.48	-2.0	35.3	-14.8
Eq. Emerging Europe A	OT	OT	LUX	02/03	EUR	25.13	6.7	119.3	-18.6
Eq. Euroland A	EU	EQ	LUX	02/03	EUR	10.43	-3.6	21.8	-17.1
Eq. Euroland Small Cap A	OT	OT	LUX	02/03	EUR	143.37	1.6	45.0	-6.4
Eq. EurolandCyclclsA	EU	EQ	LUX	02/03	EUR	17.67	-0.7	34.9	-11.2
Eq. EurolandFinancialA	OT	EQ	LUX	02/03	EUR	10.61	-6.2	43.3	-19.4
Eq. Glbl Emg Cty A	GL	EQ	LUX	02/03	USD	9.01	-6.9	66.7	-14.4
Eq. Global A	GL	EQ	LUX	02/03	USD	27.18	-2.4	37.6	-11.5
Eq. Global Energy A	OT	EQ	LUX	02/03	USD	17.66	-2.6	28.3	-12.1
Eq. Global Resources A	OT	OT	LUX	02/03	USD	102.68	-6.0	49.0	-12.9
Eq. Gold Mines A	OT	EQ	LUX	02/03	USD	28.12	-7.2	36.9	-6.4
Eq. India A	OT	OT	LUX	02/04	USD	122.29	-6.5	75.1	-17.3
Eq. Japan CoreAlpha A	OT	OT	LUX	02/04	JPY	7534.33	3.9	32.5	-8.8
Eq. Latin America A	OT	OT	LUX	02/03	USD	108.28	-6.9	75.0	-12.0
Eq. US Lg Cap Gr A	US	EQ	LUX	02/03	USD	14.70	-3.6	35.8	-10.5
Eq. US Rel Val A	US	EQ	LUX	02/03	USD	20.29	-1.5	38.9	-14.4
Eq. US Sm Cap Val A	US	EQ	LUX	02/03	USD	15.55	-2.5	31.5	-18.7
Money Market EURO A	EU	MM	LUX	02/03	EUR	27.40	0.0	0.8	2.5
Money Market USD A	US	MM	LUX	02/03	USD	15.83	0.0	0.4	1.5

The National Investor

■ THE NATIONAL INVESTOR
TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	01/28	USD	912.91	-5.0	4.3	-31.2
TNI MENA Special Sits Fund	OT	OT	BMU	12/31	USD	1079.31	11.2	11.2	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	01/28	AED	4.88	-8.4	24.4	-34.3

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487

Intel-Chin MainInd Foc	AS	EQ	CYM	01/29	USD	28.14	-5.7	85.5	2.1
Intel-China Converg*	AS	EQ	CYM	01/29	USD	107.04	-6.1	85.8	1.1
VP Classic - A	AS	EQ	CYM	02/04	USD	179.08	-4.0	80.5	3.2
VP Classic - B	AS	EQ	CYM	02/04	USD	83.42	-4.0	79.6	2.6
VP High Dividend Stk	AS	EQ	CYM	02/01	USD	43.91	-3.3	82.2	4.7

*formerly known as China ABH Shares Fund

yuki
Yuki Management & Research
Tel +81-3-5299-3277 www.yuki-japan.co.jp

■ YUKI INTERNATIONAL LIMITED
Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	02/05	JPY	9027.00	-2.5	20.6	-20.4
YMR-N Small Cap Fund	OT	OT	IRL	02/05	JPY	6758.00	-2.0	18.2	-20.0

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	02/05	JPY	5822.00	-5.3	7.8	-24.5
Yuki 77 Growth	JP	EQ	IRL	02/05	JPY	5326.00	-5.6	3.5	-28.5

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	02/05	JPY	6562.00	-3.9	15.5	-20.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	02/05	JPY	7474.00	-0.9	4.4	-20.5

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	02/05	JPY	4476.00	-4.2	10.4	-24.3
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	02/05	JPY	5113.00	-2.6	10.0	-18.9
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	02/05	JPY	4910.00	-3.8	15.9	-19.7

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	02/05	JPY	4168.00	-5.7	10.9	-28.4
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	02/05	JPY	4389.00	-5.9	10.2	-28.8
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	02/05	JPY	6569.00	-5.8	21.0	-22.8
Yuki Mizuho Jpn Gen	OT	OT	IRL	02/05	JPY	8141.00	-5.5	15.4	-21.3
Yuki Mizuho Jpn Gro	OT	OT	IRL	02/05	JPY	6002.00	-5.6	10.0	-23.7
Yuki Mizuho Jpn Inc	OT	OT	IRL	02/05	JPY	7413.00	-2.9	3.1	-21.2
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	02/05	JPY	4980.00	-4.0	14.4	-22.0
Yuki Mizuho Jpn LowP	OT	OT	IRL	02/05	JPY	11260.00	-2.6	13.7	-17.2
Yuki Mizuho Jpn PGth	OT	OT	IRL	02/05	JPY	7536.00	-5.3	11.3	-26.0
Yuki Mizuho Jpn SmCp	OT	OT	IRL	02/05	JPY	6800.00	-4.7	21.1	-21.2
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	02/05	JPY	5459.00	-3.3	15.9	-18.9
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	02/05	JPY	2547.00	-6.6	13.4	-27.2

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	02/05	JPY	5155.00	-4.9	15.0	-22.

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Sweden	-1.26%	-1.4%	45.9%
Japan	-2.23	-2.1	14.1
Turkey	-3.62	-4.1	84.4
Netherlands	-2.83	-4.6	28.0
Switzerland	-1.99	-5.1	26.4
Canada	1.03	-5.5	20.7
Russia	-3.75	-5.9	88.0
South Africa	-2.02	-6.0	18.5
U.K.	-1.49	-6.5	17.7
Singapore	-2.01	-7.3	58.7
Australia	-2.34	-7.4	27.8
South Korea	-3.34	-7.9	29.4
Germany	-1.79	-9.2	11.8
Italy	-2.65	-9.7	16.2
Hong Kong	-3.23	-10.0	38.8
France	-3.51	-10.0	15.4
China 88	-1.90	-12.8	31.7
Spain	-1.47	-13.1	9.4
Brazil	0.16	-14.7	59.6

Dow Jones Regional Sector Titans

Arab 50	-0.09%	1.5%	28.9%
Travel Leisure	-0.51	0.1	26.4
Nordic 30	-1.64	unch.	30.9
Pers H'hold Gds	-1.47	-1.4%	26.8
Asian 50	-2.33	-5.3	32.3
EU Enlarged†	-3.65	-6.4	51.4
Global 50	-0.82	-7.4	19.4
Stoxx 50	-2.14	-8.2	16.0
Tiger 50*	-3.64	-9.7	48.7
Euro Stoxx 50	-2.80	-11.2	12.3

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Friday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Nippon T&T	Japan	Fixed Line Telecommunications	$59.4	4,015	3.61%	-6.0%	-40.3%
Toyota Motor	Japan	Automobiles	116.7	3,315	1.07	7.3	-59.0
Sony	Japan	Consumer Electronics	34.4	3,085	0.33	65.2	-48.5
Woolworths	Australia	Food Retailers Wholesalers	27.3	25.67	-0.39%	-8.2	-0.3
Commonwlth Bk of Aus	Australia	Banks	69.2	52.67	-0.53	77.3	2.9
KB Fncl Group	South Korea	Banks	$15.4	47,000	-6.75%	36.0	-42.6
PetroChina	Hong Kong	Integrated Oil Gas	22.8	8.40	-5.83	32.9	-13.3
Westfield Grp	Australia	Retail REITs	24.4	12.20	-5.72	15.1	-46.9
Shinhan Financial Grp	South Korea	Banks	16.6	41,000	-5.20	45.1	-22.3
Hutchison Whampoa	Hong Kong	Diversified Industrials	29.5	53.85	-5.03	40.8	-33.6

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Kansai Elec Power Japan (Conventional Electricity)	22.3	2,090	-0.71%	-9.3%	-45.1%
China Mobile (HK) Hong Kong (Mobile Telecommunications)	189.0	73.85	-1.01	-2.7	-3.3
Mitsubishi UFJ Finl Japan (Banks)	71.0	457.00	-1.08	-4.8	-68.3
KDDI Japan (Mobile Telecommunications)	24.0	485,000	-1.22	-6.2	-48.5
Seven I Hldgs Japan (Broadline Retailers)	20.2	2,000	-1.38	-15.4	-44.8
Mizuho Financial Grp Japan (Banks)	27.0	172.00	-1.71	-23.9	-80.0
Tokyo Elec Power Japan (Conventional Electricity)	36.7	2,431	-1.82	-11.8	-43.6
Nippon Steel Japan (Iron Steel)	22.5	320.00	-1.84	12.3	-55.7
Takeda Pharm Japan (Pharmaceuticals)	35.3	4,000	-1.84	-1.2	-50.3
East Japan Railway Japan (Travel Tourism)	26.7	6,030	-1.95	4.9	-32.9
Sumitomo Mitsui Finl Japan (Banks)	42.3	2,808	-2.06	-20.0	-75.6
National Australia Bk Australia (Banks)	45.9	25.31	-2.16	36.8	-38.5
Westpac Bking Australia (Banks)	56.9	22.61	-2.25	37.0	-11.4
NTT DoCoMo Japan (Mobile Telecommunications)	65.5	140,200	-2.37	-7.0	-34.8
Aus NZ Bk Australia (Banks)	45.3	20.90	-2.43	69.9	-29.5
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	35.2	132.50	-2.93	140.0	-9.8
QBE Ins Grp Australia (Reinsurance)	19.6	22.11	-2.94	-4.5	-26.7
Shin-Etsu Chml Japan (Specialty Chemicals)	22.7	4,775	-2.95	10.5	-37.3
China Constr Bk Hong Kong (Banks)	168.0	5.81	-3.01	42.1	18.8
Panasonic Japan (Consumer Electronics)	32.2	1,392	-3.06	23.4	-40.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
JFE Hldgs Japan (Iron Steel)	18.6	3,140	-3.09%	25.4%	-55.3%
Cheung Kong Hong Kong (Real Estate Holding Development)	26.9	90.10	-3.12	35.5	-15.4
Tokio Marine Hldgs Japan (Property Casualty Insurance)	21.3	2,421	-3.12	2.2	-45.1
Indl Comm Bk China Hong Kong (Banks)	58.9	5.51	-3.16	51.0	17.7
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	46.1	57.20	-3.21	28.6	-14.6
China Life Ins Hong Kong (Life Insurance)	31.7	33.05	-3.22	40.3	38.3
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	32.6	98.70	-3.24	51.9	1.0
Japan Tobacco Japan (Tobacco)	34.8	324,500	-3.28	35.0	-41.5
Mitsubishi Japan (Industrial Suppliers)	38.9	2,118	-3.29	58.8	-16.0
Samsung Elec South Korea (Semiconductors)	94.5	750,000	-3.35	37.6	28.2
BHP Billiton Australia (General Mining)	114.8	39.55	-3.51	22.7	41.0
Canon Japan (Electronic Office Equipment)	49.0	3,550	-3.53	38.7	-44.4
Honda Motor Japan (Automobiles)	63.3	3,100	-3.73	37.5	-36.2
Nintendo Japan (Toys)	34.8	24,300	-3.84	-12.3	-26.9
Woodside Petroleum Australia (Exploration Production)	25.8	41.52	-3.89	29.8	12.8
Nissan Motor Japan (Automobiles)	33.4	733.00	-3.93	164.6	-46.1
CNOOC Hong Kong (Exploration Production)	66.7	11.60	-3.97	61.1	77.9
POSCO South Korea (Iron Steel)	34.1	525,000	-4.02	31.3	50.2
Mitsui Japan (Industrial Suppliers)	26.1	1,291	-4.58	26.9	-34.3
RioZim Ltd Australia (General Mining)	35.0	66.60	-5.02	80.5	11.6

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-1.90%	-1.93%	-0.6%	-1.9%	4.5%
Event Driven	-1.70	-1.24	0.9	-1.0	12.8
Equity Long/Short	-1.21	-1.51	1.3	-1.0	2.1

*Estimates as of 02/04/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.86	100.62%	0.01%	1.00	0.65	0.82
Eur. High Volatility: 12/1	1.22	98.99	0.01	1.76	0.92	1.30
Europe Crossover: 12/1	4.68	101.24	0.05	6.15	3.79	4.95
Asia ex-Japan IG: 12/1	1.17	99.21	0.01	1.29	0.87	1.05
Japan: 12/1	1.43	97.99	0.01	1.68	0.99	1.33

Note: Data as of February 4

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Softbank	364	-6	-5	-49
Daiwa Secs Gp	127	-5	-5	6
Isetan	81	-4	-4	-7
Promise	638	-4	-12	-72
Sumitomo	80	-3	1	-6
Mitsui Co	70	-2	...	1
Honda Mtr	73	-2	4	11
Orix	298	-1	17	56
Sekisui House	81	-1	9	9
Nippon Sheet Glass	204	-1	10	-2

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Korea Dep Ins	91	5	8	24
Rep Korea	113	5	10	34
Nishimatsu Constr	572	5	47	53
All Nippon Awys	306	6	6	-4
Woori Bk	145	6	10	39
Hana Bank	130	6	8	33
Rep Philippines	193	6	10	29
Rep Indonesia	197	7	6	11
KT&G	94	8	12	31
Toyota Mtr	94	8	20	27

Source: Markit Group

Behind Europe's deals: Bank revenue rankings, European

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

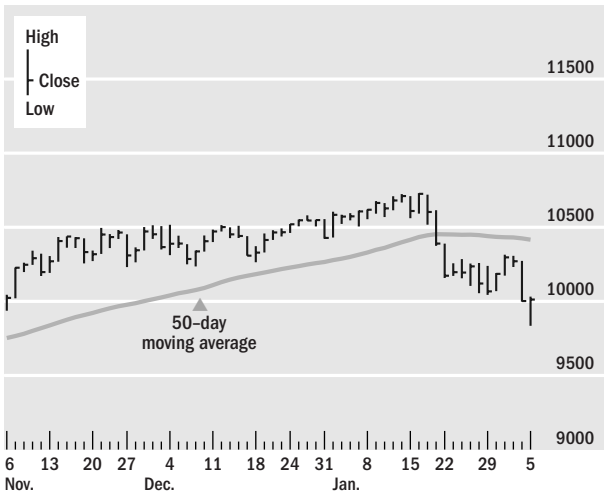
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$1,654	8.5%	48%	23%	27%	2%
Credit Suisse	1,251	6.4	37	37	24	2
Deutsche Bank	1,149	5.9	29	41	27	3
Goldman Sachs	1,062	5.4	38	16	45	1
UBS	1,039	5.3	38	21	39	1
BNP Paribas	934	4.8	28	46	17	8
RBS	910	4.7	39	46	10	6
Citi	861	4.4	32	30	34	4
Morgan Stanley	843	4.3	49	20	30	2

Source: Dealogic

SCANNING THE GLOBE

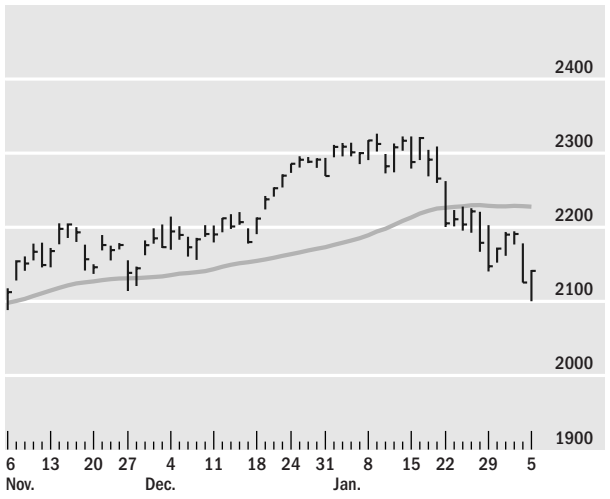
Dow Jones Industrial Average P/E: 16

LAST: **10012.23** ▲ 10.05, or 0.10%
YEAR TO DATE: ▼ **415.82, or 4.0%**
OVER 52 WEEKS ▲ **1,731.64, or 20.9%**



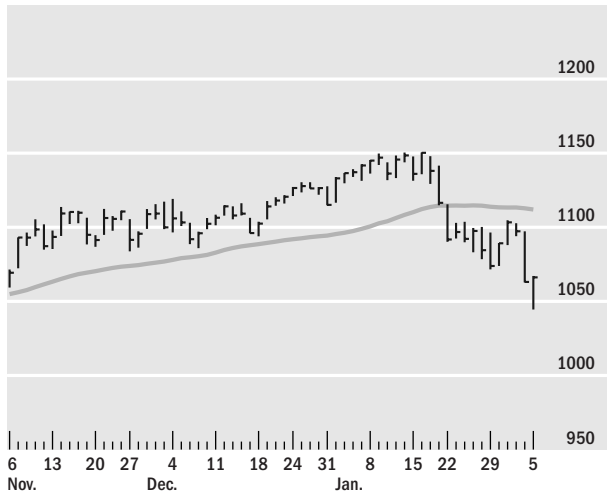
Nasdaq Composite Index P/E: 20*

LAST: **2141.12** ▲ 15.69, or 0.74%
YEAR TO DATE: ▼ **128.03, or 5.6%**
OVER 52 WEEKS ▲ **549.41, or 34.5%**



S&P 500 Index P/E: 27

LAST: **1066.19** ▲ 3.08, or 0.29%
YEAR TO DATE: ▼ **48.91, or 4.4%**
OVER 52 WEEKS ▲ **197.59, or 22.7%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**39.20**	$25.24	0.21	**0.84%**
Alcoa	AA	**42.40**	13.18	0.27	**2.09**
AmExpress	AXP	**11.90**	37.85	0.32	**0.85**
BankAm	BAC	**283.80**	15.00	0.25	**1.69**
Boeing	BA	**9.20**	58.40	-0.92	**-1.55**
Caterpillar	CAT	**15.00**	51.75	0.35	**0.68**
Chevron	CVX	**16.50**	71.18	-0.19	**-0.27**
CiscoSys	CSCO	**94.60**	23.70	0.54	**2.33**
CocaCola	KO	**14.10**	53.09	-0.34	**-0.64**
Disney	DIS	**11.30**	29.54	-0.13	**-0.44**
DuPont	DD	**9.10**	32.73	0.21	**0.65**
ExxonMobil	XOM	**40.10**	64.80	0.08	**0.12**
GenElec	GE	**137.60**	15.79	-0.25	**-1.56**
HewlettPk	HPQ	**19.00**	47.32	0.29	**0.62**
HomeDpt	HD	**19.20**	27.98	0.05	**0.18**
Intel	INTC	**84.80**	19.47	0.45	**2.37**
IBM	IBM	**8.10**	123.52	0.52	**0.42**
JPMorgChas	JPM	**72.10**	38.30	-0.05	**-0.13**
JohnsJohns	JNJ	**15.80**	62.64	0.00	**0.00**
KftFoods	KFT	**49.10**	28.44	0.05	**0.18**
McDonalds	MCD	**13.30**	63.37	-0.69	**-1.08**
Merck	MRK	**21.70**	36.73	-0.37	**-1.00**
Microsoft	MSFT	**77.10**	28.02	0.18	**0.65**
Pfizer	PFE	**87.90**	17.96	-0.07	**-0.39**
ProctGamb	PG	**14.00**	61.30	-0.10	**-0.16**
3M	MMM	**5.00**	78.54	-0.67	**-0.85**
TravelersCos	TRV	**5.90**	50.28	0.55	**1.11**
UnitedTech	UTX	**7.40**	66.50	0.12	**0.18**
Verizon	VZ	**22.30**	28.74	0.11	**0.38**
WalMart	WMT	**14.60**	53.45	0.48	**0.91**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
SPDR S&P 500	SPY	**493.4**	$106.66	$0.22	**0.21%**
Citigroup	C	**466.6**	3.22	0.04	**1.26**
BankAm	BAC	**297.2**	15.00	0.25	**1.69**
SPDR FnclSelSct	XLF	**256.0**	13.94	0.16	**1.16**
PwrShrs QQQ	QQQQ	**213.5**	42.98	0.36	**0.84**
FordMotor	F	**181.3**	10.91	–0.15	**–1.36**
iShrMSCIEmrgMkt	EEM	**165.8**	37.20	–0.42	**–1.12**
GenElec	GE	**143.3**	15.79	–0.25	**–1.56**
DrxFinancBear 3x	FAZ	**126.7**	20.67	–0.68	**–3.17**
iShrRu2000	IWM	**106.7**	59.27	0.23	**0.39**
CiscoSys	CSCO	**99.1**	23.70	0.54	**2.33**
Pfizer	PFE	**90.4**	17.96	–0.07	**–0.39**
Intel	INTC	**88.7**	19.47	0.45	**2.37**
ProShrsUShrt S&P	SDS	**87.4**	37.83	–0.20	**–0.53**
Microsoft	MSFT	**80.8**	28.02	0.18	**0.65**

Biggest gainers...

Airgas	ARG	**25,544.4**	$60.96	$17.43	**40.04%**
KellySvc A	KELYA	**896.8**	15.89	2.64	**19.92**
HawaiinHldgs	HA	**1,684.3**	7.02	0.94	**15.46**
Accuray	ARAY	**874.5**	6.60	0.85	**14.78**
FstFedAR	FFBH	**26.5**	3.85	0.48	**14.24**

...Biggest losers

PhaseFrwd	PFWD	**7,835.4**	$10.60	-$4.25	**-28.62%**
Interphase	INPH	**159.7**	2.42	-0.57	**-19.06**
NetSuite	N	**2,380.1**	12.16	-2.35	**-16.20**
Culp	CFI	**484.3**	11.28	-2.08	**-15.57**
KenseyNsh	KNSY	**480.0**	20.02	-3.48	**-14.81**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$6.88	**Taiwan Semi**	TSM	**33,315.4**	$9.56	-0.12	**-1.24%**
4.24	1.65	**Utd Microelectronics**	UMC	**8,342.7**	3.45	-0.07	**-1.99**
91.97	56.79	**Toyota Motor**	TM	**7,347.5**	74.71	2.93	**4.08**
82.74	33.09	**BHP Billiton**	BHP	**6,396.1**	69.20	0.79	**1.15**
15.95	8.65	**China Unicom**	CHU	**4,456.4**	10.58	-0.06	**-0.56**
8.19	4.18	**Siliconware Prec Ind**	SPIL	**4,415.3**	5.93	-0.18	**-2.95**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**2,957.3**	5.09	0.08	**1.60**
59.13	22.61	**Infosys Tech**	INFY	**2,556.4**	50.93	0.24	**0.47**
13.30	6.35	**AU Optrncs**	AUO	**2,490.8**	10.54	-0.10	**-0.94**
59.22	40.20	**China Mobile**	CHL	**2,197.7**	47.38	0.41	**0.87**
18.20	6.85	**Korea Elec Pwr**	KEP	**1,903.0**	16.28	-0.03	**-0.18**
18.64	12.59	**SK Telecom**	SKM	**1,629.0**	16.32	-0.46	**-2.74**
9.50	3.96	**Nomura Hldgs**	NMR	**1,448.3**	7.14	-0.04	**-0.56**
35.59	15.64	**Sony**	SNE	**1,444.8**	34.26	-0.22	**-0.64**
34.27	10.70	**Aluminum Cp of China**	ACH	**1,270.4**	23.87	-0.16	**-0.67**
81.00	38.70	**China Life Ins**	LFC	**1,149.5**	63.54	-0.46	**-0.72**
37.23	20.72	**Honda Motor**	HMC	**1,059.7**	34.49	-0.54	**-1.54**
135.92	63.94	**PetroChina**	PTR	**1,008.8**	108.83	-2.01	**-1.81**
21.22	16.33	**ChunghwaTel**	CHT@	**828.9**	17.95	-0.10	**-0.55**
25.65	5.11	**Yanzhou Coal Mining**	YZC	**814.3**	19.10	-0.13	**-0.68**
5.23	1.57	**Adv Semi Engrg**	ASX	**806.5**	4.03	0.10	**2.54**
24.35	17.71	**NTT**	NTT	**708.8**	22.28	0.34	**1.55**
21.78	11.30	**KT Corp**	KT	**661.5**	19.44	-0.72	**-3.57**
9.82	5.43	**Telecom Corp of NZ**	NZT	**659.0**	7.97	-0.19	**-2.33**
150.50	47.09	**POSCO**	PKX	**575.5**	111.90	-0.38	**-0.34**
17.14	13.11	**NTT DoCoMo**	DCM	**528.3**	15.62	-0.28	**-1.76**
7.74	2.00	**Alumina**	AWC	**524.1**	5.41	-0.05	**-0.92**
17.19	10.60	**Matsushita Elec**	PC	**415.1**	15.50	-0.06	**-0.39**
94.00	46.45	**China Petro & Chem**	SNP	**403.6**	74.88	-0.52	**-0.69**
43.95	21.23	**Canon**	CAJ	**391.4**	39.50	-0.40	**-1.00**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

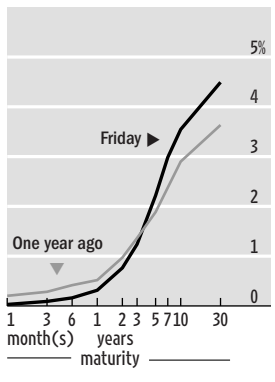
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points: Latest	Previous	Month ago	Year ago	YIELD: Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.425%**	**368.2**	368.1	342.8	**171.5**	4.500%	4.448%	**2.692%**
4.500	10	**5.452**	**190.2**	188.9	194.2	**145.7**	5.530	5.705	**4.373**
5.000	**Austria** 2	**1.666**	**92.3**	79.0	71.8	**43.8**	1.609	1.738	**1.415**
3.900	10	**3.652**	**10.2**	4.6	10.9	**131.2**	3.687	3.872	**4.228**
2.000	**Belgium** 2	**1.427**	**68.4**	67.1	4.0	**44.3**	1.490	1.060	**1.420**
3.750	10	**3.701**	**15.1**	11.1	-4.7	**138.9**	3.752	3.716	**4.305**
1.500	**Canada** 2	**1.253**	**51.0**	47.3	36.4	**25.8**	1.292	1.384	**1.235**
3.750	10	**3.357**	**-19.3**	-25.5	-19.9	**10.8**	3.386	3.564	**3.024**
4.000	**Denmark** 2	**1.778**	**103.5**	104.4	109.5	**151.4**	1.863	2.115	**2.491**
4.000	10	**3.488**	**-6.2**	-10.0	-12.7	**82.4**	3.541	3.636	**3.740**
3.750	**France** 2	**1.106**	**36.3**	32.6	26.9	**67.8**	1.145	1.289	**1.655**
3.500	10	**3.472**	**-7.8**	-11.8	-15.1	**87.2**	3.523	3.612	**3.788**
1.250	**Germany** 2	**0.975**	**23.2**	27.0	28.7	**47.4**	1.089	1.307	**1.451**
3.250	10	**3.106**	**-44.4**	-46.8	-37.7	**44.8**	3.173	3.386	**3.364**
0.550	**Hong Kong** 2	**0.650**	**-9.3**	-13.4	-37.6	**-30.7**	0.685	0.644	**0.670**
2.160	10	**3.033**	**-51.7**	-54.2	-99.2	**-114.2**	3.099	2.771	**1.774**
5.000	**Italy** 2	**1.814**	**107.1**	112.5	49.9	**124.5**	1.944	1.519	**2.222**
4.250	10	**4.029**	**47.9**	42.1	37.1	**164.2**	4.062	4.134	**4.558**
0.200	**Japan** 2	**0.160**	**-58.3**	-65.5	-85.1	**-50.2**	0.164	0.169	**0.475**
1.300	10	**1.364**	**-218.6**	-226.2	-242.5	**-158.0**	1.379	1.338	**1.336**
2.500	**Netherlands** 2	**1.071**	**32.8**	31.5	-17.7	**78.8**	1.134	0.843	**1.765**
3.500	10	**3.372**	**-17.8**	-26.9	-20.2	**104.3**	3.372	3.561	**3.959**
3.200	**Portugal** 2	**2.263**	**152.0**	160.9	32.4	**89.6**	2.428	1.344	**1.873**
4.750	10	**4.714**	**116.4**	112.5	29.4	**152.7**	4.766	4.057	**4.443**
5.350	**Spain** 2	**1.816**	**107.3**	111.6	51.8	**126.8**	1.935	1.538	**2.245**
4.000	10	**4.120**	**57.0**	50.0	21.5	**154.9**	4.141	3.978	**4.465**
2.750	**Switzerland** 2	**0.461**	**-28.2**	-31.4	-38.7	**-48.7**	0.505	0.633	**0.490**
2.250	10	**1.971**	**-157.9**	-164.9	-163.5	**-74.7**	1.992	2.128	**2.169**
3.250	**U.K.** 2	**1.153**	**41.0**	35.0	31.7	**69.4**	1.169	1.337	**1.671**
4.500	10	**3.881**	**33.1**	25.2	25.1	**80.4**	3.893	4.014	**3.720**
0.875	**U.S.** 2	**0.743**	**...**	...	...	**...**	0.819	1.020	**0.977**
3.375	10	**3.550**	**...**	...	...	**...**	3.641	3.763	**2.916**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.493%**	16.26	0.33%	2.77%	2.77%	–10.02%
10-year Treasury	**3.546**	8.19	0.59	2.77	2.77	–1.98
7 Year Treasury	**2.985**	6.24	0.68	3.02	3.02	...
Five-year Treasury	**2.217**	4.69	0.68	2.34	2.34	2.86
Ryan Index	**2.541**	6.70	0.48	2.24	2.24	0.07
3 Year Treasury	**1.239**	2.87	0.41	1.55	1.55	3.54
Two-year Treasury	**0.764**	1.97	0.15	0.93	0.93	2.47
1 Year Treasury	**0.315**	0.94	–0.02	0.19	0.19	1.24
Six-month Treasury	**0.162**	0.50	...	0.04	0.04	0.65
Ryan Cash Index-a	**0.150**	0.44	...	0.06	0.06	0.60
Three-month bill	**0.091**	0.25	...	0.01	0.01	0.38
One-month bill	**0.030**	0.07	...	...	...	0.14

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.00
Japan	**1.475**	1.475
Britain	**0.50**	1.00
ECB	**1.00**	2.00
Switzerland	**0.52**	0.52
Australia	**3.75**	3.25
Hong Kong	**5.25**	5.25
Libor		
One month	**0.22844%**	0.44875%
Three month	**0.24969**	1.24125
Six month	**0.38500**	1.74750
One year	**0.83750**	2.03625

	Latest	52 wks ago
Euro Libor		
One month	**0.38625%**	1.68500%
Three month	**0.60125**	2.02125
Six month	**0.92375**	2.10750
One year	**1.19875**	2.20750
Hibor		
One month	**0.07000**	0.22357%
Three month	**0.13000**	0.82571
Six month	**0.24857**	1.17857
One year	**0.54857**	1.58143
Asian dollars		
One month	**0.2416%**	0.46%
Three month	**0.2566**	1.2463
Six month	**0.3910**	1.7650
One year	**0.8450**	2.0700

	Offer	Bid
Eurodollars		
One month	**0.3000%**	0.2000%
Three month	**0.3300**	0.2300
Six month	**0.5500**	0.3500
One year	**0.8500**	0.5000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.17%**	0.28%
U.K. (BBA)	**0.500**	0.933
Euro zone	**0.30**	1.18

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Friday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**.
Also, receive emails that summarize the day's trading in Europe and Asia.
To sign up, go to **WSJ.com/Email**

Asian index movers...

Nikkei Stock Average
Japan 10057.09
▼ **2.89% or 298.89**

The index had its biggest percentage drop in more than two months, ending the week down 1.4%. Some expect support at 10000, unless the dollar falls below 88.50 yen.

Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**128.63**	172	–3	–1.71
Hitachi	**126.46**	315	10	3.28
Toshiba	**82.61**	430	–6	–1.38
Mtshbsh Fin Grp	**74.14**	457	–5	–1.08
Nomura Hldgs	**54.48**	637	–29	–4.35

Hang Seng
Hong Kong 19665.08
▼ **3.33% or 676.56**

Stocks hit a five-month low as the index shed 2.3% for the week. Mainland developer SCE Property rose 4.6% from its IPO. Chalco fell 6% as oil and mining stocks tumbled.

Stock	Volume in millions	Close	Change Net	Change %
Icbc	**516.37**	5.51	–0.18	–3.16
Bank Of China	**425.77**	3.64	–0.16	–4.21
CCB	**373.33**	5.81	–0.18	–3.01
PetroChina	**210.75**	8.40	–0.52	–5.83
ChinaPetroChem	**154.83**	5.85	–0.24	–3.94

Kospi
South Korea 1567.12
▼ **3.05% or 49.30**

The index had its biggest one-day point drop since Nov. 27 and its lowest close since Nov. 30, falling 2.2% for the week. Financial stocks were hard hit in a flight to safety.

Stock	Volume in millions	Close	Change Net	Change %
Baemyung Metal	**46.78**	1,450.00	5.00	0.35
Korea Data Sys	**45.93**	335.00	–30.00	–8.22
Kwangmyung El	**35.85**	2,600.00	335.00	14.79
Samyang Optics	**26.15**	1,285.00	–60.00	–4.46
Hansol Homedeco	**20.38**	1,905.00	245.00	14.76

Sensex
India 15790.93
▼ **2.68% or 434.02**

Shares closed at a three-month low, with the index falling 3.5% for the week as mounting debt in European countries rattled investors world-wide.

Stock	Volume in millions	Close	Change Net	Change %
Jaiprak Asso-A	**3.59**	125.25	–5.85	–4.46
Tata Steel-A	**2.86**	550.45	–26.85	–4.65
Dlf-A	**2.44**	309.45	–11.80	–3.67
Hindalco-A	**2.44**	138.10	–8.05	–5.51
Reliance Com-A	**2.10**	163.60	–1.30	–0.79

Asian stocks in the news

Orix
Japan ¥6,960
▲ **1.8% or ¥120**

The financial-services company reported Thursday that third-quarter profit more than doubled.

Price-to-earnings ratio	**21**
Earnings per share, past four quarters	**326.60**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Financial Services	**-3.5%**	-3.8%	49.3%
Orix	**1.8%**	2.4%	85.1%

Yamada Denki
Japan ¥6,300
▲ **2.9% or ¥180**

The appliance retailer reported a 22% increase in third-quarter net profit.

Price-to-earnings ratio	**14**
Earnings per share, past four quarters	**448.00**
Dividend yield	**0.5**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Retail	**-1.5%**	-0.4%	32.1%
Yamada Denki	**2.9%**	8.4%	48.9%

Daicel Chemical Inds
Japan ¥566
▲ **3.1% or ¥17**

The company raised its full-year pretax profit forecast by 25%.

Price-to-earnings ratio	**23**
Earnings per share, past four quarters	**24.70**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Chemicals	**-2.0%**	-0.6%	48.9%
Daicel Chemical Inds	**3.1%**	4.0%	51.7%

Hitachi
Japan ¥315
▲ **3.3% or ¥10**

Shares bucked the market as the company posted solid third-quarter results.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-46.50**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-2.6%**	-1.9%	46.5%
Hitachi	**3.3%**	1.3%	14.5%

Nippon T&T
Japan ¥4,015
▲ **3.6% or ¥140**

Third-quarter net profit slipped but the company maintained its full-year profit outlook.

Price-to-earnings ratio	**14**
Earnings per share, past four quarters	**294.10**
Dividend yield	**3.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**-1.6%**	-0.5%	6.9%
Nippon T&T	**3.6%**	5.4%	-6.0%

Westfield Grp
Australia A$12.20
▼ **5.7% or A$0.74**

Worries about the U.S., where the mall owner has a third of its properties, weighed on shares.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-2.12**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-3.2%**	-2.3%	42.9%
Westfield Grp	**-5.7%**	-3.5%	15.1%

Fuji Hvy Inds
Japan ¥417
▼ **5.9% or ¥26**

On Thursday, the auto manufacturer reported that its nine-month net loss widened as sales slowed.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-31.90**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Automobiles & Parts	**-0.8%**	-1.6%	43.9%
Fuji Hvy Inds	**-5.9%**	-1.9%	35.8%

Sumco
Japan ¥1,522
▼ **5.9% or ¥96**

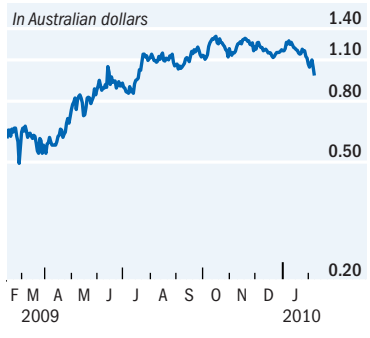
Chip stocks weakened as the yen strengthened and analysts said the sector may have peaked for now.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-388.00**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**-3.7%**	-3.3%	58.1%
Sumco	**-5.9%**	-2.3%	19.7%

OZ Minerals
Australia A$0.98
▼ **6.3% or A$0.07**

Miners tumbled as the price of base metals and gold fell, with further declines expected.



Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-1.23**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-4.1%**	-3.0%	51.8%
OZ Minerals	**-6.3%**	-8.5%	-85.2%

Lenovo Grp
Hong Kong HK$5.11
▼ **10.2% or HK$0.58**

The computer maker said profit may fall in the current quarter because of higher component costs.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-0.28**
Dividend yield	**0.2**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**-3.7%**	-3.3%	58.1%
Lenovo Grp	**-10.2%**	-4.8%	215.4%

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	351.50	-2.50	-0.71%	712.25	315.50
Soybeans (cents/bu.)	CBOT	913.50	-0.50	-0.05	1,560.00	805.00
Wheat (cents/bu.)	CBOT	473.25	-2.50	-0.53	1,029.25	459.00
Live cattle (cents/lb.)	CME	90.400	0.325	0.36%	95.175	85.050
Cocoa ($/ton)	ICE-US	3,001	-124	-3.97	3,514	2,066
Coffee (cents/lb.)	ICE-US	128.80	-2.75	-2.09	188.65	115.00
Sugar (cents/lb.)	ICE-US	26.17	-1.47	-5.32	30.40	11.91
Cotton (cents/lb.)	ICE-US	66.62	-2.37	-3.44	84.00	49.67
Crude palm oil (ringgit/ton)	MDEX	2,521.00	11	0.44	2,743	2,150
Cocoa (pounds/ton)	LIFFE	2,205	-45	-2.00	2,350	1,310
Robusta coffee ($/ton)	LIFFE	1,295	-15	-1.15	1,710	1,290
Copper (cents/lb.)	COMEX	285.75	-2.15	-0.75	365.00	135.50
Gold ($/troy oz.)	COMEX	1052.80	-10.20	-0.96	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1483.00	-52.00	-3.39	2,011.50	1,045.00
Aluminum ($/ton)	LME	1,982.00	-95.00	-4.57	2,356.50	1,288.00
Tin ($/ton)	LME	15,675.00	-955.00	-5.74	18,250.00	9,945.00
Copper ($/ton)	LME	6,260.00	-329.50	-5.00	7,695.00	3,171.00
Lead ($/ton)	LME	1,937.00	-78.00	-3.87	2,615.00	995.00
Zinc ($/ton)	LME	1,992.00	-103.00	-4.92	2,659.00	1,086.00
Nickel ($/ton)	LME	17,400	-925	-5.05	21,150	9,475
Crude oil ($/bbl.)	NYMEX	71.19	-1.95	-2.67	141.30	48.78
Heating oil ($/gal.)	NYMEX	1.8748	-0.0604	-3.12	3.5280	1.3800
RBOB gasoline ($/gal.)	NYMEX	1.8864	-0.0644	-3.30	2.2003	1.2176
Natural gas ($/mmBtu)	NYMEX	5.515	0.099	1.83	12.590	4.550
Brent crude ($/bbl.)	ICE-EU	70.08	-2.41	-3.32	83.58	51.55
Gas oil ($/ton)	ICE-EU	582.25	-13.25	-2.23	688.00	502.25

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com**
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/Email**

Currencies

London close on Feb. 5

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2546	0.1903	3.8438	0.2602
Brazil real	2.5632	0.3901	1.8750	0.5333
Canada dollar	1.4602	0.6848	1.0682	0.9362
1-mo. forward	1.4603	0.6848	1.0682	0.9362
3-mos. forward	1.4603	0.6848	1.0682	0.9361
6-mos. forward	1.4604	0.6847	1.0683	0.9361
Chile peso	737.32	0.001356	539.35	0.001854
Colombia peso	2726.17	0.0003668	1994.20	0.0005015
Ecuador US dollar-f	1.3670	0.7315	1	1
Mexico peso-a	17.9937	0.0556	13.1624	0.0760
Peru sol	3.9132	0.2555	2.8625	0.3493
Uruguay peso-e	26.726	0.0374	19.550	0.0512
U.S. dollar	1.3670	0.7315	1	1
Venezuela bolivar	5.87	0.170329	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.5805	0.6327	1.1561	0.8650
China yuan	9.3331	0.1071	6.8272	0.1465
Hong Kong dollar	10.6239	0.0941	7.7714	0.1287
India rupee	63.8207	0.0157	46.6850	0.0214
Indonesia rupiah	12830	0.0000779	9385	0.0001066
Japan yen	122.21	0.008182	89.40	0.011186
1-mo. forward	122.20	0.008183	89.39	0.011187
3-mos. forward	122.16	0.008186	89.36	0.011191
6-mos. forward	122.07	0.008192	89.30	0.011198
Malaysia ringgit-c	4.7081	0.2124	3.4440	0.2904
New Zealand dollar	1.9867	0.5033	1.4533	0.6881
Pakistan rupee	115.789	0.0086	84.700	0.0118
Philippines peso	63.595	0.0157	46.520	0.0215
Singapore dollar	1.9435	0.5145	1.4217	0.7034
South Korea won	1599.38	0.0006252	1169.95	0.0008547
Taiwan dollar	43.978	0.02274	32.170	0.03108
Thailand baht	45.366	0.02204	33.185	0.03013

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7315	1.3671
1-mo. forward	1.0000	1.0000	0.7315	1.3670
3-mos. forward	1.0002	0.9998	0.7316	1.3668
6-mos. forward	1.0006	0.9994	0.7320	1.3662
Czech Rep. koruna-b	26.126	0.0383	19.111	0.0523
Denmark krone	7.4448	0.1343	5.4459	0.1836
Hungary forint	273.16	0.003661	199.82	0.005005
Norway krone	8.1916	0.1221	5.9922	0.1669
Poland zloty	4.0864	0.2447	2.9892	0.3345
Russia ruble-d	41.505	0.02409	30.361	0.03294
Sweden krona	10.1926	0.0981	7.4559	0.1341
Switzerland franc	1.4678	0.6813	1.0737	0.9314
1-mo. forward	1.4675	0.6814	1.0735	0.9315
3-mos. forward	1.4669	0.6817	1.0730	0.9319
6-mos. forward	1.4658	0.6822	1.0722	0.9326
Turkey lira	2.0800	0.4808	1.5215	0.6572
U.K. pound	0.8737	1.1446	0.6391	1.5647
1-mo. forward	0.8738	1.1444	0.6392	1.5645
3-mos. forward	0.8742	1.1440	0.6394	1.5639
6-mos. forward	0.8746	1.1434	0.6398	1.5630
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5154	1.9404	0.3770	2.6526
Egypt pound-a	7.4812	0.1337	5.4725	0.1827
Israel shekel	5.1176	0.1954	3.7435	0.2671
Jordan dinar	0.9682	1.0328	0.7083	1.4119
Kuwait dinar	0.3940	2.5382	0.2882	3.4698
Lebanon pound	2052.63	0.0004872	1501.50	0.0006660
Saudi Arabia riyal	5.1261	0.1951	3.7498	0.2667
South Africa rand	10.5379	0.0949	7.7085	0.1297
United Arab dirham	5.0212	0.1992	3.6730	0.2723
SDR -f	0.8869	1.1276	0.6487	1.5415

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
51	**ASIA-PACIFIC**	DJ Asia-Pacific	117.29	-2.98	-2.48%	-4.7%	35.4%
...	Australia	SPX/ASX 200	4514.06	-107.54	-2.33	-7.3	30.1
26	China	CBN 600	26080.86	-540.80	-2.03	-10.2	42.5
18	Hong Kong	Hang Seng	19665.08	-676.56	-3.33	-10.1	44.0
18	India	Sensex	15790.93	-434.02	-2.68	-9.6	69.8
...	Indonesia	Jakarta Composite	2518.976	-74.244	-2.86	-0.6	86.5
...	Japan	Nikkei Stock Average	10057.09	-298.89	-2.89	-4.6	24.5
...		Topix	891.78	-19.31	-2.12	-1.7	12.8
...	Malaysia	Kuala Lumpur Composite	1247.90	-17.13	-1.35	-2.0	39.2
...	New Zealand	NZSX-50	3104.991	-43.948	-1.40	-3.9	12.0
9	Pakistan	KSE 100	9769.73		Closed	4.1	74.5
14	Philippines	Manila Composite	2855.64	-59.23	-2.03	-6.5	47.0
...	Singapore	Straits Times	2683.56	-61.42	-2.24	-7.4	56.4
11	South Korea	Kospi	1567.12	-49.30	-3.05	-6.9	29.5
20	Taiwan	Weighted	7217.83	-324.21	-4.30	-11.8	61.4
10	Thailand	SET	691.41	-11.11	-1.58	-5.9	55.6
58	**EUROPE**	DJ Stoxx 600	237.46	-5.24	-2.16	-6.2	19.6
23		DJ Stoxx 50	2373.24	-51.90	-2.14	-8.0	16.0
70	**Euro Zone**	DJ Euro Stoxx	249.39	-6.58	-2.57%	-9.2%	15.5%
13		DJ Euro Stoxx 50	2631.64	-75.81	-2.80	-11.3	12.3
20	Denmark	OMX Copenhagen	329.30	-4.94	-1.48	4.3	34.7
20	Finland	OMX Helsinki	6515.36	-137.05	-2.06	0.9	21.1
18	France	CAC-40	3563.76	-125.49	-3.40	-9.5	14.1
19	Germany	DAX	5434.34	-98.90	-1.79	-8.8	17.0
14	Italy	FTSE MIB	20815.88	-588.94	-2.75	-10.5	12.9
...	Netherlands	AEX	315.04	-8.19	-2.53	-6.1	20.5
...	Russia	RTSI	1411.14	-51.87	-3.55	-1.1	170.9
10	Spain	IBEX 35	10103.3	-138.4	-1.35	-15.4	18.2
14	Switzerland	SMI	6264.33	-132.18	-2.07	-4.3	22.3
...	Turkey	ISE National 100	51454.89	-2008.99	-3.76	-2.6	92.5
13	U.K.	FTSE 100	5060.92	-78.39	-1.53	-6.5	17.9
18	**AMERICAS**	DJ Americas	281.62	0.71	0.25%	-5.0	27.9
...	Brazil	Bovespa	62762.70	-1171.31	-1.83	-8.5	46.8
...	Argentina	Merval	2165.15	-71.81	-3.21	-6.7	89.3
20	Mexico	IPC	30630.73	27.02	0.09	-4.6	49.9

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 5:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.29%	19	**DJ Global Index**	212.30	-2.77	-1.29%	-6.5%	29.9%	-9.2%
1.94	20	**Global DOW**	1824.34	-35.45	-1.91	-8.1	26.2	-5.9
2.38		**Asia/Pacific 600**	111.78	-2.04	-1.80	-2.5	28.1	-9.1
1.88	14	**Emerging Markets**	253.83	-8.43	-3.22	-9.3	61.7	-0.4
2.21	51	**Asia/Pacific**	117.29	-2.98	-2.48	-4.7	35.4	-7.5
2.52	16	**Asia/Pacific ex-Japan**	285.27	-10.55	-3.57	-9.6	62.8	-3.1
2.72	22	**Southeast Asia**	146.80	-5.32	-3.49	-8.8	68.7	-1.5
0.91	26	**CBN China 600** -c	26080.86	-540.80	-2.03	-10.2	42.5	13.8
0.93	30	**Shanghai**	350.69	-7.15	-2.00	-9.5	42.3	13.9
0.62	43	**Shenzhen**	382.17	-8.23	-2.11	-8.2	63.5	20.4
2.46	17	**China Offshore 50**	3618.89	-132.95	-3.54	-11.3	40.8	3.8
7.62	9	**Australia LPT** -c, d	1150.94	-20.36	-1.74	-1.0	31.8	-23.0

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.20%	14	**Islamic Market**	1857.00	-19.05	-1.02%	-6.0%	27.1%	-4.2%
2.50	15	**Islamic Market 100**	2001.16	-17.34	-0.86	-5.7	17.5	-4.6
9.42		**Bahrain**	124.62	-0.75	-0.60	2.4	-7.9	-12.1
2.96	43	**Kuwait**	190.01	-0.56	-0.30	-2.4	-0.7	-16.3
2.76	17	**Sustainability**	924.29	-17.44	-1.85	-8.7	28.5	-10.5
2.53	58	**Stoxx 600**	242.44	-7.33	-2.94	-10.9	27.2	-12.8
4.09	18	**Stoxx Select Div 30**	1603.94	-43.19	-2.62	-10.7	24.2	-24.4
3.67	25	**Euro Stoxx Sel Div 30**	1886.18	-57.36	-2.95	-11.3	30.8	-20.7
1.85	23	**DJ U.S. TSM**	11005.56	33.86	0.31	-4.3	25.3	-9.0
4.40	14	**U.S. Select Dividend -d**	627.56	0.89	0.14	-3.5	23.7	-11.7
5.14		**U.S. REIT**	137.88	2.60	1.92	-5.1	31.6	-21.8
		DJ-UBS Commodity -p	126.56	-1.78	-1.39	-9.1	11.9	-8.5

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.156	0.639	1.068	6.827	0.732	7.771	46.685	9385.27	89.400	1.453	1169.95	3.444	46.520	1.422	1.074	32.170	33.185
Australia	0.865		0.553	0.924	5.905	0.633	6.722	40.380	8117.79	77.327	1.257	1011.95	2.979	40.237	1.230	0.929	27.825	28.703
Britain	1.565	1.809		1.671	10.683	1.145	12.160	73.050	14685.59	139.889	2.274	1830.67	5.389	72.792	2.225	1.680	50.338	51.926
Canada	0.936	1.082	0.598		6.392	0.685	7.276	43.706	8786.47	83.696	1.361	1095.30	3.224	43.552	1.331	1.005	30.117	31.068
China	0.1465	0.169	0.094	0.156		0.107	1.138	6.838	1374.70	13.095	0.213	171.37	0.504	6.814	0.208	0.157	4.712	4.861
Euro	1.367	1.580	0.874	1.460	9.333		10.624	63.821	12830.13	122.214	1.987	1599.38	4.708	63.595	1.944	1.468	43.978	45.366
Hong Kong	0.129	0.149	0.082	0.137	0.878	0.094		6.007	1207.67	11.504	0.187	150.55	0.443	5.986	0.183	0.138	4.140	4.270
India	0.0214	0.0248	0.0137	0.0229	0.1462	0.0157	0.1665		201.03	1.9150	0.0311	25.06	0.0738	0.9965	0.0305	0.0230	0.6891	0.7108
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0050		0.0095	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0034	0.0035
Japan	0.011	0.013	0.007	0.012	0.076	0.008	0.087	0.522	104.98		0.016	13.09	0.039	0.520	0.016	0.012	0.360	0.371
New Zealand	0.688	0.796	0.440	0.735	4.698	0.503	5.348	32.124	6458.00	61.516		805.04	2.370	32.010	0.978	0.739	22.136	22.835
South Korea	0.0009	0.0010	0.0005	0.0009	0.0058	0.0006	0.0066	0.0399	8.02	0.0764	0.0012		0.0029	0.0398	0.0012	0.0009	0.0275	0.0284
Malaysia	0.290	0.336	0.186	0.310	1.982	0.212	2.257	13.555	2725.11	25.958	0.422	339.71		13.508	0.413	0.312	9.341	9.636
Philippines	0.021	0.025	0.014	0.023	0.147	0.016	0.167	1.004	201.75	1.922	0.031	25.15	0.074		0.031	0.023	0.692	0.713
Singapore	0.703	0.813	0.450	0.751	4.802	0.515	5.466	32.837	6601.44	62.882	1.022	822.92	2.422	32.721		0.755	22.628	23.342
Switzerland	0.931	1.077	0.595	0.995	6.359	0.681	7.238	43.480	8741.05	83.263	1.354	1089.64	3.208	43.327	1.324		29.962	30.907
Taiwan	0.031	0.036	0.020	0.033	0.212	0.023	0.242	1.451	291.74	2.779	0.045	36.37	0.107	1.446	0.044	0.033		1.032
Thailand	0.030	0.035	0.019	0.032	0.206	0.022	0.234	1.407	282.82	2.694	0.044	35.26	0.104	1.402	0.043	0.032	0.969	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of February. 05, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	LOCAL-CURRENCY PERFORMANCE YTD	LOCAL-CURRENCY PERFORMANCE 52-wk.
2.40%	26	**ALL COUNTRY (AC) WORLD***	283.11	2.92%	-5.5%	36.1%
2.50	27	**World (Developed Markets)**	1,106.37	2.94	-5.3	31.9
1.80	116	**World Small Cap**	183.45	3.01	-3.5	48.1
2.60	22	**Kokusai (World ex-Japan)**	1,087.22	3.30	-6.2	34.1
3.00	27	**EAFE**	1,488.60	2.63	-5.8	33.5
2.10	20	**Emerging Markets (EM)**	926.41	2.79	-6.4	74.9
2.60	22	**AC ASIA PACIFIC EX-JAPAN**	390.40	1.44	-6.3	71.0
2.10	22	**AC Far East ex-Japan**	424.72	1.07	-5.6	65.6
1.70	-36	**Japan**	569.93	-0.62	0.3	16.5
2.00	19	**China**	60.33	-1.94	-6.9	61.2
0.90	37	**China A (China Domestic)**	3,075.03	-0.22	-9.1	59.5
2.70	22	**Hong Kong**	9,669.86	-1.10	-5.0	46.8
1.00	20	**India**	659.82	-1.87	-6.7	82.0
1.10	16	**Korea**	458.86	-0.08	-4.6	43.4
2.40	19	**Malaysia**	465.43	-0.12	-0.9	42.2
3.10	17	**Singapore**	1,526.15	-1.04	-6.1	54.9
2.60	232	**Taiwan**	273.40	-0.30	-7.6	71.3
3.00	18	**Thailand**	285.94	-1.01	-5.2	60.0
4.00	24	**Australia**	952.53	-0.61	-4.9	30.8
5.40	16	**New Zealand**	84.22	0.94	-3.4	5.1
1.90	32	**US BROAD MARKET**	1,180.07	3.27	-4.6	31.1
3.40	17	**EUROPE**	84.19	-2.68	-4.6	25.8

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Delayed reaction in Indonesia's stocks

Has Indonesia finally cracked?

The Jakarta Composite tumbled nearly 3% Friday, breaking a trend of beating neighboring markets that was starting to vex market watchers.

"You don't need to be in Indonesia," said Nicholas Cashmore, CLSA's Jakarta-based strategist. "Historically it's the first to sell off."

If this is a change in mood, traders in Jakarta still have some catching up to do. Even after recent declines, the index is down 0.6% for the year so far. In nearby Singapore and Manila, stocks are down closer to 7% while those in Hong Kong and Mumbai are down about 10%.

What explains the delayed reaction? It may have been that large funds, knowing the difficulty of leaving a thinly traded market like Jakarta, held off selling.

But even without the recent rush to safety among global investors, those in Indonesia have plenty of reasons not to stick around for now. Stocks rose 87% in 2009, pushing share prices close to 14 times expected earnings, says Citi Investment Research strategist Salman Ali. The historic average is closer to 11.3 times. On a price-to-book-value basis, Indonesian stocks are the most overvalued in Asia.

Plus, consensus on Indonesia is overwhelmingly positive, meaning there is only room for deterioration in opinions. Inflation would see to that. While considered relatively benign for now, at 3.7% the year-on-year increase in consumer prices in January was higher than economists expected. More worrying, the increase was far larger than that in December.

Indonesia's promise—underpinned by an improving macroeconomic and political situation and the domestic consumption boom this could fuel—is a long-term one. Jakarta's improving balance sheet may well lead to a decline in borrowing costs that frees cash to be spent by the government, companies and individuals, but that, says Morgan Stanley's Chetan Ahya, will take time.

But it wasn't Indonesia's potential that prompted the recent head-scratching—just the stock market's stubborn performance.

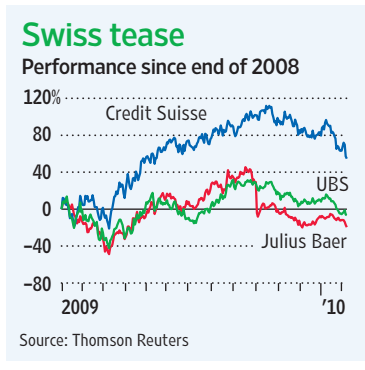
—Mohammed Hadi

Swiss banks are safer bet than some investors think

The Swiss banking industry is under siege, at least in the markets.

Shares in **UBS**, **Credit Suisse Group** and **Julius Baer Group** fell this week after Germany threatened to buy stolen details of an unnamed bank's customer accounts as part of its battle against tax evasion. An Italian tax amnesty at the end of last year and the prospect of new amnesties in Germany and Belgium have added to fears of a renewed political assault on the industry. But the gloom looks overdone.

Germany's threats are legally dubious and are more likely a ruse to frighten Swiss bank account holders into declaring hidden assets than a serious plan to reward criminals. It highlights the lengths cash-strapped governments will consider to recover lost revenue. Switzerland is estimated to hold about a quarter of the world's offshore wealth. Germany's refusal to say which bank's data are involved adds pressure.



Swiss bank secrecy already had been eroded by last year's U.S. tax-evasion settlement that forced UBS to disclose 4,450 account-holder identities. That could set a precedent, both in terms of U.S. lawyers chasing other Swiss banks and future European treaties demanding greater levels of client information, according to lawyers from the University of Bern.

Meanwhile, tax amnesties pose a real threat. Last year's Italian amnesty, the country's third, raised €100 billion ($137.41 billion), €15 billion more than expected, Morgan Stanley estimates. If a parallel level of disclosures were made, Germany could scoop up €200 billion, based on estimated hidden assets.

Still, this must be seen in perspective. While UBS has suffered 56 billion Swiss francs ($52.55 billion) of outflows of client money since the U.S. scandal broke, this amounts to a manageable 6% of assets under management.

Besides, as much as 65% of the money repatriated under the Italian amnesty likely is to have moved to onshore accounts with the same bank, according to Morgan Stanley.

For the newly rich in Asia and the Middle East that continue pouring money into Swiss banks, secrecy matters less than Switzerland's record of a stable currency, its predictable legal and tax environment, and its history of asset-management expertise. Those qualities remain relevant, now more than ever.

—Simon Nixon and Hester Plumridge

Risk aversion still has room for a reversal

No one said 2010 was going to be easy. Leading stock indexes have fallen 8% to 9% from their peak as investors zeroed in on threats from fiscal, regulatory and monetary tightening. These threats are real, and the risk remains that they are mishandled. But the market may yet regain its poise.

The key is the pattern of market behavior: As in previous selloffs, all risky assets, including stocks, emerging markets, commodities and the euro have suffered together, while the dollar strengthened and Treasurys and German bonds rallied, a classic flight to quality. That points to the same underlying trade that has been playing out since the start of the crisis: a virtually binary switch between risk appetite and risk aversion.

Take the sharp decline in the euro versus the dollar: This may partially reflect concerns about the euro zone's credibility, but it also is being driven by flows into the dollar as carry trades are unwound. If there were real doubts about the euro zone, then the euro might be expected to fall against the Swedish or Norwegian currencies, but this isn't happening, Citigroup notes.

Credit markets remain open for business. Most of the volatility has been in credit-default swaps rather than in cash bonds, suggesting again that investors have suffered only a temporary loss of confidence, and are hedging exposure rather than selling.

That isn't to deny the market's concerns are real. Much now hangs on policy makers. An unsatisfactory fudge on Greece's problems or a policy mistake that removes liquidity too quickly would risk a feedback loop that damages the recovery. That would turn a correction into a far more serious problem.

—Richard Barley

中国实时报
CHINAREALTIMEREPORT
Your comprehensive resource for news and analysis on China, covering the hottest topics of the day in business, finance, law, policy, economics and culture.
In English at asia.WSJ.com/chinarealtime
In Chinese at cn.WSJ.com/chinarealtime
Join the conversation today.

Published by Dow Jones Publishing Company (Asia). Printed in Hong Kong by Superflag Advertising and Communication Limited, 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo, 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song Pil-Ho. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 3817 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (KM. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt Ltd, 517B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida -201301 and PLOT NoEL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-11-6462 0215. ACP no. F2 (T/3) Press / 2009 FACSIMILE EDITION.